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General

Foreign Ministry Holds Weekly News Briefing

Nanjing Clash 'Isolated Incident'

OW2912093488 Beijing XINHUA in English
0914 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—Chinese Foreign Ministry Spokesman Li Zhaoxing said here today that the recent clash between Chinese and African students in Nanjing is an isolated incident, which has nothing to do with racial discrimination.

On the evening of December 24, some African and Chinese students in Hehai University in Nanjing had a conflict, which had left some people injured.

In answering reporters' questions at the weekly news-briefing here this afternoon, Li said that there are many African students studying in China, adding that they get along with Chinese students in amity.

He said, because of the difference of life customs, it is sometimes unavoidable for the occurrence of some misunderstanding and even something unpleasant to happen.

"We adopt the policy of equality for all nationalities in China, and in the international arena we support the African people's just struggle against racial discrimination and apartheid. This is known to all," he said.

Therefore, Li hoped that the foreign reporters in Beijing should not have their views of importance overshadowed by the trivial on the clash. [sentence as received]

He said that the department concerned is carrying out serious investigations on the students' clash in Nanjing and will deal with it according to law. He also expressed the belief that the matter will be solved properly.

Spokesman on U.S. Threat to Libya

OW2912094488 Beijing XINHUA in English
0922 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—Chinese Foreign Minister Qian Qichen will head a Chinese delegation to the international conference on abolishing chemical weapons to be held in Paris from January 7 to 11.

This was announced by a Chinese Foreign Ministry spokesman at the weekly news briefing here this afternoon.

The meeting is called the Conference of States Party to the 1925 Geneva Protocol and Other Interested States.

In reply to a question about China's comment on the United States claiming to raid a chemical plant in Libya, the spokesman said, "We have also read about similar reports and are concerned over it."

He said China has always been against any form of military threat and armed aggression against a sovereign state, and for a complete prohibition and thorough destruction of all chemical weapons.

Speaking of China's position on the question of chemical weapons, he said: "China hopes that an international convention for a complete prohibition of chemical weapons will be concluded as soon as possible and has participated in relevant negotiations."

The spokesman stressed that before the convention is concluded, all countries capable of manufacturing and producing chemical weapons, especially those with the largest arsenals of chemical weapons, should stop developing, producing, transferring and deploying chemical weapons and undertake not to put them to use.

U.S. Restrictions on Diplomats Criticized

OW2912112888 Beijing XINHUA in English
1048 GMT 29 Dec 88

["U.S. Restrictions on Chinese Diplomats' Travel Unreasonable—Foreign Ministry Spokesman"—XINHUA headline]

[Text] Beijing, December 29 (XINHUA)—A Chinese Foreign Ministry spokesman said today that the United States' restrictions on Chinese diplomats traveling in the U.S. is "totally unreasonable."

The spokesman made this comment when in reply [as received] to a reporter's question at the weekly news briefing here today. The reporter asked that the U.S. State Department spokesman stated yesterday that the U.S. will impose traveling limitation on Chinese diplomats there because the U.S. regarded China's imposition of traveling restriction on the U.S. diplomats in Shenyang and Shanghai "unreasonable".

The spokesman said that for many years the U.S. has been adopting discriminative restrictions on traveling in the U.S. by the Chinese diplomats in China's consulates in the U.S.

On this issue the Chinese side has made repeated presentations to the U.S. side. However the question has never been solved. Worse still, in October 1988, the U.S. side further adopted even more restrictive measures on the travels in the U.S. of the personnel of the Chinese Consulate General in Chicago. For this reason, the spokesman said, the Chinese side was forced to take similar corresponding measures on the personnel of the U.S. Consulates General in Shenyang and Shanghai beginning December 1988.

He said it was quite clear that the occurrence of such a situation was caused by the practice of the United States. It was entirely unreasonable for the spokesman of the

U.S. State Department to state that the United States will continue to impose restrictions on the Chinese consulates general in the U.S.

During the fourth round of consultations held on December 7 and 8, the spokesman recalled, the U.S. side failed to make response to the positive proposals put forward by the Chinese side. As a result the fourth round of talks ended fruitless, which the Chinese side felt quited disappointed about it. [sentence as received]

The spokesman said that China has always been adopting a positive attitude towards the solution of the question. It is China's hope to settle the issue through the joint efforts of the two sides.

Official Visits by Qian Qichen Announced
OW2912084688 Beijing XINHUA in English
0823 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—Chinese Foreign Minister Qian Qichen will pay an official visit to Yugoslavia, France and Romania in the first half of January 1989, a Foreign Ministry Spokesman announced at weekly news briefing here this afternoon.

Qian has been invited respectively by Budimir Loncar, federal secretary for foreign affairs of the Socialist Federal Republic of Yugoslavia, Roland Dumas, minister of state and minister of foreign affairs of the Republic of France, and Ioan Totu, minister of foreign affairs of the Socialist Republic of Romania.

SAARC Summit Wished Success
OW2912105988 Beijing XINHUA in English
1042 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—A Chinese Foreign Ministry Spokesman today said China wishes the fourth summit meeting of the South Asian Association of Regional Cooperation (SAARC) which opened in Pakistan today will yield positive results.

At the weekly news briefing here this afternoon, he said as a friendly neighbor of South Asian countries, China hopes that South Asian countries will live in amity, enhance cooperation and seek common progress on the basis of the five principles of peaceful coexistence.

Answering a question about the newly established Sino-Indian joint working group, the spokesman said the Sino-Indian joint working group on the boundary question is at the vice-ministerial level while the joint group on economic relations and trade and science and technology is at the ministerial level.

The details about the composition and working patterns of the two groups are yet to be worked out by the two sides, he added.

Students Demand Punishment of African Students
OW2812193488 Beijing XINHUA in English
1852 GMT 28 Dec 88

[Text] Nanjing, December 28 (XINHUA)—A group of college students in Nanjing, capital of east China's Jiangsu Province, again took to the streets tonight, demanding punishment of the African students, who they believe responsible for a clash last Sunday [as received].

But they dispersed under interference from local police.

The clash took place in the local Hehai University where some African students violated the school's regulations. During a fight which ensued, 11 Chinese and two African students were injured.

The local authorities have promised to investigate the incident and deal with the case in accordance with law.

African Student Blames University
HK2812145488 Hong Kong AFP in English 1338 GMT
28 Dec 88

[Text] Beijing, Dec 28 (AFP)—An African student Wednesday [28 December] accused officials at Hehai University in Nanjing of engineering a weekend clash between foreign and Chinese students that sparked racial tension in the eastern city.

The university flatly denied the charge, which the student said was shared by foreign counterparts being held at a state guest house guarded by police in the nearby city of Yangzhou.

In a telephone interview, the student claimed Hehai University's foreign affairs office had masterminded Saturday's incident at the main campus gate after foreign students took down a controversial wall around their dormitory.

"They organized the fight so that the foreign students would understand that a wall must be erected," said the French-speaking student who declined to give his name, fearing reprisals.

A spokesman at Hehai University's principal's office denied the charge.

"The idea that Hehai University foreign affairs office organized a fight between Africans and Chinese is absurd," he said when questioned by telephone from Beijing. "It absolutely does not tally with the facts."

Foreign students claim that Hehai University docked their bank accounts after they took down the wall around the dormitory brick by brick.

The wall went up early this month. Officials said it was meant for their protection, but students argued that it would control their comings and goings.

The African said he was one of about 130 foreign students and teachers, from Africa, Asia, Europe and North America, who were taken by police Monday from Nanjing train station where some had hoped to board a train to Beijing.

He charged that the group was taken to Yangzhou against their will, just as 5,000 Chinese staged a night march amid unconfirmed rumors that a Chinese professor injured in Saturday's row had died in hospital.

The African student said he managed to get out of Yangzhou by car Wednesday with the complicity of officials, who were not part of a police contingent surrounding the guest house.

Several dozen foreign students, including many non-Africans, were still in Yangzhou on Wednesday night, hoping that a request they had made for Beijing-based diplomats to join them would be met, he said.

The NEW CHINA NEWS AGENCY said Monday that 11 Hehai University employees and two Africans were hurt in Saturday's clash. It said the incident began after security guards at the main campus gate had asked for ID from two Africans and their Chinese dates.

The dispatch indicated that only Africans were involved in the row.

The African interviewed Wednesday said the foreign students still in Yangzhou had no desire to go back to Nanjing after their experience.

Some wished to return to their home countries, he added.

He said a group of about 15 African diplomats who visited them Tuesday were surprised to discover other nationalities in the group, including Bangladeshis, Nepalese, Pakistanis and Japanese.

"They were surprised. They had been given false news," he said. The diplomats, including two ambassadors, returned to Beijing afterwards.

In 1980 Chinese students demonstrated in Nanjing, putting up posters that accused the government of lavishing food and clothing on their African counterparts.

Several thousand Africans study in China, seeing their stay here as a stepping stone to the West. But many say they are the subjects of racial prejudice among Chinese ignorant of African culture and resentful of the better living conditions that all foreign students enjoy here.

Students Demand Return Home

HK2912140088 Hong Kong AFP in English 1353 GMT
29 Dec 88

[Text] Beijing, Dec 29 (AFP)—Some 50 African students in eastern China are demanding to be allowed to return home because of the way they were treated following rumours that they had AIDS, one of the students said Thursday [29 December].

"We do not want to have anything more to do with the Chinese. We want to go back to our own country," said one of the students at the agricultural college in Hangzhou, contacted by telephone from Beijing.

Police had been posted at Hangzhou railway station and were preventing African students from leaving the city, and students were having difficulty getting in touch with their countries' embassies in Beijing, he said.

The incident in Hangzhou in Zhejiang Province followed a weekend clash between African and Chinese students in Nanjing in neighbouring Jiangsu Province which left 13 people injured and triggered attempts by Chinese to mount street protests.

African ambassadors met Thursday with a Foreign Ministry vice-minister to discuss the fate of their students in Nanjing after the clash at the weekend, an African diplomatic source here said.

In the first official comment on the Nanjing situation, a Foreign Ministry spokesman Thursday described Saturday's incident as an isolated case that had nothing to do with racial discrimination. Spokesman Li Zhaoxing said the incident was under investigation and would be dealt with by law.

The students in Hangzhou, who come from about 20 African states, have been boycotting classes since Monday and at one point took a Chinese professor hostage in protest at what student Ndoumbou Likouni, 23, from Gabon, said was an "anti-AIDS rule" introduced by the authorities at the college.

Mr. Likouni, who said he was speaking for his fellow African students, said that their strike began after switchboard operators at the college refused to connect their calls, citing an article in a local official newspaper warning of the risk of contracting acquired immune deficiency syndrome [AIDS] from African students.

On Monday "they evacuated all the Chinese staff from the building for their safety, because, apparently, we are contaminated with AIDS," Mr. Likouni said.

A student from the Congo had been sent home in November after being found to be an AIDS carrier, Mr. Likouni said.

The students had boycotted classes and refused to leave their dormitory building for two days from Monday, then took hostage a Chinese professor.

"Unfortunately, at 5:00 a.m. the next day, the hostage escaped through the window," Mr. Likouni said.

The students demanded an explanation of the AIDS rumours from the college authorities, but "the vice-rector instead gave us a long lecture about the traditional friendship between the Chinese and African people," he added.

Efforts to contact college officials by telephone from Beijing Thursday were unsuccessful.

"Now, one thing is clear: we want to leave this institute, return to Beijing and go back home," said Mr. Likouni.

Thursday's meeting between African ambassadors and a vice foreign minister over the Nanjing incident followed a day-long huddle among the ambassadors to review the situation in the east China city.

An African diplomatic source, who requested anonymity, said the ambassadors were told by the Chinese vice-minister that a message had been sent to Nanjing authorities saying calm must be restored.

But they also learned that local authorities still wanted to find ringleaders of Saturday's clash at Hehai University, the source said.

He said about 100 foreign students, most of them Africans, who have been kept since Monday at a guarded guesthouse outside Nanjing should be able to return to the city "before the end of the week."

But one African student in Nanjing, who has been in contact with the others, said by phone that the guesthouse group had no desire to return to the city.

"Many of the students are determined to leave China," he said, adding that others wished to go to Beijing and protest to the central government.

Saturday's clash was sparked when security guards at Hehai University asked two African students and their Chinese dates for identification on their way to a Christmas Eve dance, official press reports and several foreign students say.

Chinese students, believing unconfirmed rumors that an injured Chinese had died in hospital, have since tried to mount demonstrations demanding that the authorities prosecute Africans for the incident.

The foreign students were taken to the guesthouse Monday under police escort from Nanjing's main railway station, where Africans among them had sought to board a train to Beijing.

The foreigners included nationals of Nepal, Pakistan, Bangladesh, Japan, the United States and some West European countries.

Several thousand Africans study in China under Chinese scholarships, most of them in Beijing. Many say their principal reason for doing so is to get out of Africa, regarding China as a stepping stone to the West.

But most African students add that their time here is difficult and lonely, with little contact with Chinese.

Japanese Businessmen Evacuate Nanjing
*OW2912134088 Tokyo KYODO in English 1303 GMT
29 Dec 88*

[Text] Beijing, Dec. 29 KYODO—All Japanese businessmen and their families have evacuated from Nanjing as resentment against all foreigners is reportedly mounting in the southeast Chinese city following violent clashes between Chinese and Black African students on Christmas Eve, Japanese sources said Thursday [29 December].

Tension is growing as hotels in the city frequently used by Japanese and other foreigners are being heavily guarded. Local authorities have warned foreigners to remain indoors at night following a call by Chinese students for a massive street demonstration on Saturday, they said.

They said all 30 Japanese businessmen from six major trading houses and their families in Nanjing have temporarily been sent to Beijing and Shanghai. Five Japanese students enrolled at the city's several universities, however, have remained in seclusion outside the city with 130 other foreign students since Monday, when police escorted them for "protection," sources said.

An American student arriving here from the city Wednesday night said he believes that anger initially anti-African in nature is spreading to include all foreigners. He also said some 5,000 Chinese students demonstrated with chants or "Foreigners Go Home" in Nanjing on Monday and Tuesday amid heavy police presence.

A spokesman of the Chinese Foreign Ministry told a regular press meeting Thursday the incident was "unpleasant" but not racist in nature. He also mentioned the possibility of legal action against students involved in the incident.

The Chinese students are frustrated at local authorities for failing to arrest Black African students who reportedly started the melee, sources said. The problem began when two African students refused to register the names of Chinese women they were taking to a school dance, they said.

The students are now demanding an end to preferential treatment of foreigners and the expulsion of all Blacks from the country, sources in Nanjing said.

African diplomatic corps in Nanjing have taken offense to China's stance that the foreign students were responsible for the violent outbreak in which about a dozen Chinese were injured. If China arrests the two African students it may develop into a diplomatic issue, the sources said.

Qian Qichen on Relations With USSR, U.S.
OW2812130588 Beijing XINHUA in English
1216 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—This year, China has continued to implement its independent foreign policy of peace and has achieved major successes, according to Chinese Foreign Minister Qian Qichen.

Answering questions raised by XINHUA, the minister said that China has worked to promote the relaxation of the international situation, especially with the start of the normalization of relations with the Soviet Union. It has also made further efforts to promote just and reasonable political solutions to regional conflicts, such as the Kampuchean question.

Qian said that China has expanded improved relations with its neighbours, strengthened cooperation with other Third World countries and expanded its trade with various countries and regions.

On the current international situation, Qian said, "The trend of confrontation is giving way to dialogue and tension is being replaced by relaxation. It is estimated that this trend will continue for a relatively long period of time. We welcome this.

"However, this does not mean that there is peace and tranquility everywhere. The inherent contradictions and unstable factors still exist, the arms race has not ceased and the problems of regional conflicts remain to be settled.

"What is especially noteworthy is that the gap between South and North continues to widen and the pressure of economic difficulties on the developing countries is increasing. The fact that the majority of the countries and the bulk of the world's population have been in a situation of underdevelopment or even poverty for a long time is not conducive to world peace and stability and the progress and development of mankind."

When asked to comment on his visit to the Soviet Union in early December and on the impact of the improvement of Sino-Soviet relations, Qian said, "For years, we have always proposed that obstacles be eliminated and Sino-Soviet relations be normalized. After a long period of making efforts, things are beginning to develop in this direction and problems are being solved. This process will continue.

"The purpose of my visit to the Soviet Union was to have an in-depth discussion of the Kampuchean question with the Soviet side and to promote the process of the normalization of relations by making preparations for the Sino-Soviet summit.

"The visit showed results," he said, "and this shows that the normalization of Sino-Soviet relations has begun a new course. Of course, there still exist certain differences between the two sides. Therefore, there is still much to be done before the summit."

Qian said the development of political relations between China and the Soviet Union and the expansion of their trade and economic ties conform with the fundamental interests of the two peoples. It will also be conducive to the stability and development of the Asia-Pacific region and to world peace and security as a whole. Normalization of relations will not affect each country's relations with other countries.

Referring to the prospects for Sino-U.S. relations, Qian said that the January 1, 1989 will mark the 10th anniversary of the establishment of diplomatic relations between China and the United States. "In the past decade," he said, "Sino-U.S. relations have, on the whole, developed steadily and marked progress has been made in their exchanges and cooperation in various fields."

The minister said that history has proved that, despite their different social systems and ideologies and their levels of economic development, the two countries can develop their relations on a long-term and stable basis so long as they go with the historical trend of peace and development and strictly abide by the three Sino-U.S. joint communiques.

Under the new situation in which the trend of confrontation is giving way to dialogue and tension is being replaced by relaxation, it is of great significance to safeguard and promote the smooth development of Sino-U.S. Relations, he said.

On the subject of China's relations with other Third World countries, Qian said strengthening unity and cooperation with Third World countries has been the basic stand of China's foreign policy. China's open-door policy is also facing [as received] the Third World. In the year of 1988 alone, heads of state and government from 18 developing countries visited China.

In the coming year, he continued, China will continue its exchanges with Third World countries in different fields.

Qian noted that China and other Third World countries are facing a common task of making full use of the current peaceful international environment to speed up economic development. They should of course rely on their own strength. However, it is also necessary to promote South-South cooperation, South-North dialogue and establish a new international economic order

on the basis of equality and mutual benefit. "We are willing to make continuous, unremitting efforts together with them to this end," he pledged.

'Commentary' on Shevardnadze-Uno Talks

OW2812090188 Beijing in Japanese to Japan 0930 GMT
24 Dec 88

[Commentary by Beijing Radio Tokyo correspondent (Chin Fu): "Progress in Japan-Soviet Dialogue and Obstacles"]

[Text] Soviet Foreign Minister Shevardnadze wound up his official visit to Japan on 21 December.

The first visit by a Soviet foreign minister in 3 years revived the regular Japanese-Soviet foreign ministerial consultation, which had been interrupted for 2 years and 7 months, and both sides showed vigor in the area of expanding political dialogue. In the area of improving their bilateral relations, however, they were unable to attain as much substantial progress as they had expected.

While staying in Tokyo, in addition to holding three rounds of foreign ministerial talks, Foreign Minister Shevardnadze paid a courtesy call on Prime Minister Takeshita and exchanged views with him on bilateral relations and the international situation.

The fruit of the latest Japanese-Soviet foreign ministerial talks lies in that both sides expressed enthusiasm for breaking the deadlock in their relations and expanding political dialogue and that both sides emphasized raising their dialogue to the highest level.

It was also decided that by strengthening contact between the two foreign ministers, thorough preparations will be made for the materialization of Japan-Soviet summit talks.

For more than 40 years, since the war, relations between Japan and the Soviet Union have been awkward. Now, however, both sides have expressed their intention to do away with this abnormal condition and replace confrontation with dialogue.

In this sense it may be safe to say that the latest Japanese-Soviet foreign ministerial talks were of positive significance to promoting the development of bilateral relations. However, it only means that the ice is broken in the political dialogue between the two countries for improving their bilateral relations.

Although the two sides are said to have made a start, there is a big limitation to it. The main cause is the northern territories issue and the two sides remain divided in their opinions on it.

At the latest Japanese-Soviet foreign ministerial talks, the two sides discussed the northern territorial issue but they ended merely in expressing their respectively consistent positions.

At the talks, the Japanese side did everything in its power to have the word territories expressly entered in the joint communique, but the Soviet Union did not give in.

As is clear from the Japanese-Soviet foreign ministerial talks, a difference still remains in the perception of what to begin with in improving relations between Japan and the Soviet Union.

The Soviet side hopes to expand economic relations between the two countries as early as possible, while sidestepping the northern territories issue for the time being. But the Japanese side insists that the resolution of the territorial issue is a prerequisite.

At the talks, the Soviet side showed a great interest in Japanese-Soviet economic cooperation and put forward a number of proposals including the conclusion of a Japan-Soviet investment protection agreement and a long-term economic cooperation agreement and the mutual establishment of resident bank offices.

The Japanese side, however, maintained that, under the present condition where the relationship of mutual confidence is yet to be established between the two sides, the condition is not yet provided for carrying out economic cooperation.

In view of this, it is clear that progress in Japanese-Soviet dialogue depends on how this obstacle, called the territorial issue, is removed. It should be said that it will be difficult to see a drastic improvement in Japanese-Soviet relations before the territorial issue is resolved.

Expedition Team Arrives in Antarctica

OW2312190788 Beijing XINHUA in English
1547 GMT 23 Dec 88

[By correspondent Zhang Jimin]

[Text] Prydz Bay, Antarctica. December 23 (XINHUA)—Chinese expedition ship Polar arrived here in eastern Antarctica at local time 14:00 (Beijing time 16:00) today.

The expedition ship, with 40 crew members and 76 scientific workers, left Qingdao, Shandong Province, for Prydz Bay on November 20.

Chen Dehong, leader of the expedition team and vice president of the Chinese Institution of Navigation, said the Polar has set two records in China's navigation history by reaching 69 degrees south latitude and passing through ice-blocked areas.

The expedition team will set up China's second Antarctic scientific expedition station at Prydz Bay in eastern Antarctica, to be named after Dr. Sun Yat-sen, as "Zhangshan Station." Sun is the forerunner of the Chinese democratic revolution.

'Yearender' on East-West European Detente
HK2812022388 Beijing RENMIN RIBAO in Chinese
23 Dec 88 p 7

["Yearender" by Ma Weimin (7456 3634 3046):
"Taking the Opportunity to Find a Position in the New Situation—West Europe in the New Situation of Detente"]

[Text] Beginning with the signing of the INF treaty between the Soviet Union and the United States at the end of last year, through the Iran-Iraq truce in the middle of this year, to the recent Soviet decision on unilateral disarmament, the trend of detente has continued to develop with a strong momentum in the past year.

The new detente tendency, which marks a significant turning point, not only provides an opportunity for West Europe, but also poses a stern challenge. When compared, the opportunity obviously outweighs the challenge. To sum up, the basic development in West Europe has been to seek development by grasping opportunities, to discuss countermeasures when facing new challenges, and to identify their position in the new multipolar world situation.

The improvement of Soviet-U.S. relations, the relaxation in East-West relations, the "new thinking" and a series of important policies for seeking external reconciliation and carrying out domestic reforms put forward by the Soviet Union, all provide an opportunity for West Europe to improve relations with the Soviet Union. In October, "Soviet fever" appeared in West Europe (successive prime ministers visited Moscow and provided huge loans for the Soviets). This formed a sharp contrast to the lukewarm and even frigid relationship between the two sides a few years ago. West German Chancellor Kohl, who constantly attached importance to relations with the Soviet Union, paid an official visit to Moscow and terminated the period of frigid relations between the two countries. FRG-Soviet relations were thus advanced to a new stage. Britain has always had a prudent attitude toward the Soviet Union, but Prime Minister Mrs Thatcher has now also become a special partner of President Gorbachev in his dialogue with West Europe. France's adjustment of its policy toward the Soviet Union was rather obvious; it now appraises Soviet reforms more positively and has changed its previously reserved attitude. France's new position on the issue of chemical weapons and the proposed Moscow meeting on human rights was welcomed by the Soviet Union. In particular, France has also begun to pursue an "Eastern policy," similar to that of West Germany, which has attracted the special attention of public opinion.

The Soviet Union not only attaches importance to the political role of West Europe, but also regards it as an important partner in economic cooperation, one which can provide funds and technology. Next year, economic relations and trade between the two sides will enter a substantive stage. In the aspect of political strategy however, West Europe will continue to cooperate with the United States to force the Soviet Union to make further concessions.

The reform trend emerging in East Europe and the adjustment of the Soviet Union's policy toward it, the improvement of relations between West Europe and the Soviet Union, and the dilution of the ideological factor in state-to-state relations, all provide a good opportunity for West Europe to restore and develop traditional relations with East Europe. In the course of developing such relations, West Germany also sees an "historic opportunity" for the two Germanies to move closer to each other. The EC and CEMA have terminated their mutual nonrecognition over the past 30 years and have established official relations. For the first time in the postwar period, GDR Chairman Honecker visited France; the British prime minister visited Warsaw; and the French president visited Prague. These were not isolated events. It should be pointed out that frequent high-level contacts between East and West Europe did not begin this year but a few years ago when Soviet-U.S. relations remained tense. The "warmth" in relations between East and West Europe and the "coolness" between the Soviet Union and the United States once formed a sharp contrast rarely seen in the postwar period, and such a situation was of profound significance. French President Mitterrand held that the closer relationship between East and West Europe would be regarded as "one of the major events in the world by the end of this century," and he also indicated that he would go to "the other Europe" more frequently in the future.

On the other hand, reforms in East Europe will naturally encounter some new conditions, and "new relations between the East and the West will be much more complicated than those during the cold war" (as Prime Minister Thatcher said). Although the United States supports the closer relationship between East and West Europe, and the Soviet Union has also said that it would not ask East Europe to "bring its watch into line with Moscow's," the closer relationship is still constrained by U.S.-Soviet relations. "A reconciled and independent Europe" (a quotation from Mitterrand) is not a slogan willingly accepted by either the Soviet Union or the United States. Therefore, Europe will continue to be one of the most noteworthy regions in the world.

The United States destroyed medium-ranged missiles deployed in West Europe according to the INF treaty, and domestic opinion in the United States called for the reduction of the country's defense burdens in West Europe. On the one hand this posed a challenge to West Europe; on the other, it provided them with an opportunity. It will have an impact on the existing defense

structure in West Europe and cause a sense of insecurity, so it is a challenge. At the same time, this will force the West European countries to seriously consider their future, strengthen their sense of independence and self-determination, and thus "provide an opportunity for European construction." This year, the United States was busy with the general election and West Europe began to adjust its relations with the Soviet Union. Differences in strategic issues between the United States and West Europe were therefore not prominent, but quite a few latent differences already exist on such issues as the modernization of NATO's short-range missiles, the redivision of defense commitments, and especially the adjustment of relations with the Soviet Union. This indicates that American-European relations in the coming years will not be tranquil. However, only through such disputes can new relations between West Europe and the United States be gradually formed.

The present detente tendency is the result of the equilibrium in the strengths of the Soviet Union and the United States, and it indicates "the end of the postwar period." The world situation is changing from a bipolar to a multipolar pattern. The "West European Pole" with the EC as the main body will be quite different from other "poles," as it is a community of many sovereign states, and a "divided giant" (a quotation from Nixon). Therefore, in order to hold a favorable position in the new world situation, West Europe must grasp the favorable opportunity provided by detente to consolidate its unification and to develop comprehensive strength, mainly economic and technological. In this sense, we can say that West Europe will enter the stage of all-around unification this year, including in-depth economic integration, the development of scientific and technological cooperation, preparations for political unification, and explorations into joint defense. Some radicals have begun to discuss a "society of Europe," "culture of Europe," and "citizens of Europe." The integration process in West Europe is developing in depth and scope.

In early 1988, the EC solved two major, long-harrowing and difficult issues: agricultural expenditure and the budget. Most members of the Community have reached a consensus of opinion on establishing a unified currency and a central bank. The Hanover summit meeting marked the significant decision to establish the unified market, a "milestone" which is "irreversible." Business circles in particular now have great enthusiasm, and there is a strong trend of "Europeanizing" enterprises. This provides a major condition for deepening the integration process in West Europe. The building of the unified market will expand the scope of unification in West Europe. This year, the integration process in West Europe has obviously been quickened, and internal coordination has been improved. This was partly caused by competitive pressure from the United States and Japan.

This year, the issue of joint defense was discussed extensively in West Europe. The inclusion of Spain and Portugal into the West European Union was an important development, but this organization is still submerged in NATO

and cannot display its "European individuality." Comparatively, the establishment of European "military-industrial markets" can achieve results more easily, and bilateral military cooperation has made progress. For example, France and West Germany have organized their "combined brigades" and set up a joint defense and security council; France, Spain, and Italy are discussing joint defense in the Mediterranean; Britain and France are discussing nuclear cooperation. However, "European defense" in real terms is still at the exploratory stage. Difficulties come from the fact that West European security still cannot be divorced from the protective U.S. umbrella; it is hard to determine the division of financial contributions needed by the joint defense program; political cooperation as the precondition for joint defense has not been realized; and countries cherish different political intentions on this issue.

The new trend of detente will lead to a turning point in the world's postwar history. All major countries and blocs of countries are adjusting the orientation of their policies and are trying to get a more favorable position in the new multipolar structure. In Europe, the basic postwar structure will continue to exist. At the same time, the independent and self-determining tendencies in various countries will have a continuing impact on this traditional structure. The so-called "European individuality" will be cultivated in the development of this contradiction.

Soviet Union

Xinjiang Official Cited on USSR Trade
OW2912033288 Beijing in Russian to the USSR
1900 GMT 23 Dec 88

[Unattributed report: "Xinjiang Economy Revives"]

[Excerpts] [Passage omitted] Xinjiang has established trade and economic relations with more than 50 countries and regions. Investors of 21 countries and regions make their investments here. The government of the autonomous region has called on the people of Xinjiang to develop trade and economic relations with countries of the world, particularly with neighboring Soviet republics and countries of west Asia and the Persian Gulf—to make the ancient silk route flourish again.

This is what Huang Baozhang, vice governor of the autonomous region, said about this:

[Huang Baozhang is heard briefly speaking in Chinese, fading back to announcer speaking in Russian] We are conducting intensive trade with the USSR and west Asia and strengthening and deepening trade and economic relations with Hong Kong, Macao, and Japan. Local trade with Soviet Central Asian regions has expanded in recent years. The head of the Xinjiang Foreign Economic Relations and Trade Department has noted that the volume of the Xinjiang trade with the USSR will exceed 200 million Swiss francs this year. This is five times as much as last year.

The most active trade center is the border city of Korgas. Daily, scores of Soviet trucks bring rolled steel, cement, and chemical fertilizers here and in exchange export cotton fabrics, clothes, carpets, vacuum flasks, food-stuffs, and objects of applied arts. [passage omitted]

The leader of the autonomous region said that Xinjiang trade organizations will soon be established in the United Arab Emirates, Turkey, FRG, the United States, Japan, Canada, and Hong Kong. It is intended that a similar organization be established in the USSR, as well.

We are also making efforts to improve the investment conditions in Xinjiang, in order to attract more foreign businessmen to our region, Huang Baozhang continued. The Chinese Government has granted Xinjiang a number of favorable terms for the expansion of relations with foreign countries. The local government has developed 27 points for dealing with foreign businessmen, including favorable taxation, low land rent, releasing joint-stock companies from customs duties on imported goods, and etcetera.

At the same time, we are developing communications and transport by all possible means. It is envisaged that the railway now under construction in north Xinjiang will meet the USSR's railways in 1990. This will be another bridge connecting the European and Asian continents. The reconstruction of the Chinese segment of the China-Pakistan highway has been completed. The state government has passed a resolution to include Urumqi and nine other Xinjiang cities in the list of open cities and to open access to Korgas and Turugart to other countries, as well.

Huang Baozhang spoke with satisfaction about the Iran-Iraq ceasefire and the restructuring underway in the USSR. He said: West Asia is our close neighbor. We hope to live in peace and accord with peoples of this region and to strengthen economic relations with them. The Iran-Iraq ceasefire is beneficial for both them and us. If they had continued the war, we would have difficulties in establishing relations with them. As for the USSR, restructuring is underway there. Republics have been granted the right to foreign trade, and this favors the development of local trade with our region. Huang Baozhang said: Xinjiang is our country's richest treasury. It is facing further development. Its earth conceals uncounted wealth. Xinjiang has favorable conditions for the development of tourism, as well. [Passage omitted]

Northeast Asia

DPRK Urged To Adopt Open-Door Policy
OW2712134288 Tokyo KYODO in English 0947 GMT
27 Dec 88

[Text] Tokyo, Dec. 27 KYODO—North Korea is being pressured internationally to undertake domestic reforms and adopt a more open-door policy toward both its neighbor to the South and the rest of the world, a visiting Chinese professor said here Tuesday [27 December].

Wen Yuankai, a member of a brain trust on reform and professor at the University of Science and Technology of China, said North and South Korea are expected to move toward dialogue and reunification in line with the world trend away from military confrontation.

However, in order for North Korea to promote dialogue with newly industrializing South Korea, it must embark on reforms and open-door policies, Wen said in an interview with KYODO News Service in Tokyo.

China will continue to deepen its ties with South Korea mainly through economic activities, Wen said. He also said that China wants to play an active role in promoting talks between North and South Korea.

Toward that end, Wen said he would like to hold an academic conference in Beijing next year so that scholars from North and South Korea can engage in direct talks.

Japan To Ease Restrictions on Exports to China
OW2712202188 Beijing XINHUA in English
1550 GMT 27 Dec 88

[Text] Tokyo, December 27 (XINHUA)—Japan will relax restrictions on the export of high-tech products to China beginning on Saturday [31 December].

The Ministry of International Trade and Industry said the lowered restrictions will involve electronic equipment and transistors according to a COCOM (Coordinating Committee for Mutual Export Controls) agreement reached in October the KYODO News Service reported today.

Japan had eased restrictions on exporting computers and eight other high-tech products to China in August and September.

Trade Deficit Figures With Japan Released
HK2312113788 Beijing CEI Database in English
23 Dec 88

[Text] Beijing, December 22 (XINHUA)—The total volume of foreign trade between China and Japan had reached 16.1 billion U.S. dollars in the first 11 months of this year, according to the latest figures released by the Chinese Customs.

During the period, China's volumes of import and export accounted for 9.2 billion dollars and over 6.9 billion dollars, 6.88 percent and 25.2 percent respectively more than the same period of last year, resulting in a deficit of 2.2 billion dollars. It indicates that the decrease of deficit is 860 million U.S. dollars, 28 percent less than the same 1987 period.

Analysts here attributed the drop of deficit to the appreciation of Japanese Yen and too much demand on Japanese domestic market.

The major commodities imported from Japan are household electrical appliances and cars while China exports iron and steel raw materials, farm products and chemical fiber products.

Japan is the biggest trade partner of China, but China had a deficit of 21.57 billion U.S. dollars in the Sino-Japanese trade by the end of 1987.

Japanese Sentence Attackers of Fukuoka Consulate
OW2312180388 Beijing XINHUA in English
1235 GMT 23 Dec 88

[Text] Tokyo, December 23 (XINHUA)—Three Japanese who fired a shotgun at the Chinese Consulate in Fukuoka in March were given four and five year sentences today, according to sources at the Chinese mission.

Presiding Judge Tsunenobu Teruya gave a five-year sentence to Mitsuhide Honda and four-year sentences to Shigeru Shiraishi and Tsumio Sonoda.

The judge described the attack as a grave offense, remarking that a diplomatic establishment is inviolable under international law.

The three attacked the Chinese consulate from a passenger car they stole on the night of March 11, shattering windows on the first floor of the Chinese mission with shotgun blasts.

According to the judge, the three criminals made the attack on the consulate to harass police who were clamping down on gangs.

Officials Attend Sino-Japanese Rice Cake Party
OW2512121088 Beijing XINHUA in English
0926 GMT 25 Dec 88

[Text] Beijing, December 25 (XINHUA)—More than 300 Chinese and Japanese youngsters gathered together today to make sticky rice cakes to celebrate the coming of the new year.

Both Chinese and Japanese have the tradition of making sticky rice cake on the occasion of the falling of new year. But today's cake was made according to the Japanese way.

Chu Tunan, vice-chairman of the Standing Committee of the Chinese National People's Congress and advisor to the Sino-Japanese Friendship Association, Xia Yan and Sun Pinghua, former and present presidents of the Sino-Japanese Friendship Association, Zhang Xiangsuan, China's chief representative of the 21st Century Committee for China-Japan Friendship, and Japanese Ambassador to China Toshiji Nakajima joined the youngsters in the celebration, which was held in the auditorium of the Chinese People's Association for Friendship With Foreign Countries.

The new year cake party is now an annual event started in 1983.

Japanese Firm Donates Electronic Musical Organs
OW2812213888 Beijing XINHUA in English
1449 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—Vice-Chair woman of the National Committee of the People's Political Consultative Conference Kang Keqing today presented 162 electronic organs to children as New Year gifts.

The organs were given by the Japanese Casio Company to the Soong Ching Ling Foundation, of which Kang is the chairwoman.

An official of the foundation said that the electronic organs would be used in music classes for children and to train teachers.

The resident delegate in Beijing of the Casio Company said that his company hoped to extend its cooperation with China.

South Korea Agrees to Talks With North Korea
OW2912011488 Beijing XINHUA in English
1229 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—South Korea has agreed to hold high-level political and military talks with the Democratic People's Republic of Korea (DPRK) on reducing tension on the Korean peninsula, according to reports today from Seoul.

In a letter to DPRK Premier Yon Hyong-muk, South Korean Prime Minister Kang Yong-hun suggested that the talks be held alternately in Seoul and Pyongyang.

"To wipe out mutual distrust and restore trust between them, the two Koreas should recognize each other's ideologies and systems, conduct dialogue on the basis of mutual respect and noninterference, and develop cooperative relations on the principle of mutuality, until unification is achieved," Kang said in the letter that was delivered to the North at the Panmunjom truce site.

The North-South political and military talks, which the DPRK proposed on November 16, are intended to stop mutual accusations and military exercises, encourage exchange projects and cooperation, and turn the divided peninsula into a "peace zone," according to the news reports.

Batmonh Criticizes Former Leaders, Assesses Ties
OW2912024688 Beijing in Russian to the USSR
1900 GMT 24 Dec 88

[Text] In his report at the 5th plenum of the 19th MPRP [Mongolian People's Revolutionary Party] Central Committee on 21 December, Batmonh, general secretary of the MPRP Central Committee, appraised the merits and

mistakes of the former Mongolian leaders Choybalsan and Tsedenbal, touched on Mongolian-Sino relations, and also spoke about reforming organizational and ideological work in the party.

In his report Batmonh noted that Choybalsan was one of the first to take part in the creation of the Mongolian people's party and organizing the Mongolian people's revolution and rendered service to the cause of strengthening revolution and Mongolian-Soviet friendship. However, the services he rendered cannot cancel out the crimes he later committed. Batmonh said that Tsedenbal gave his wisdom and energy to the cause of socialist construction in Mongolia and strengthening friendship with the people of various countries. However, he concentrated power in his own hands, abandoned principles in party and state leadership activities and cadre issues, and weakened collective leadership by making unilateral decisions and permitting differences between words and deeds.

Touching on international questions, Batmonh said that the development of bilateral relations between the two large Asian countries, the USSR and the PRC, and the political dialogue that is taking place between the two facilitates the improvement of the situation in this region and the world over. The MPR [Mongolian People's Republic] and USSR Governments have already agreed on the withdrawal from Mongolia of the majority of the Soviet troops temporarily deployed there.

Thanks to the efforts of the MPR and the PRC, noted Batmonh, friendly contacts and cooperation between the two countries are growing continuously. The MPR will continue to further broaden and strengthen good-neighboring relations and mutual trust between the two countries.

Trade With Taiwan, Hong Kong Viewed
HK2612054488 Beijing CHINA DAILY
(BUSINESS WEEKLY SUPPLEMENT) in English
26 Dec 88 p 4

[By Wang Xiangwei]

[Text] The scene is set some time in 1995. A Taiwan firm has produced a prototype for a new generation mini-computer. The head of the firm decides to put it into immediate production in spite of strong competition from the United States and the United European market.

Having made his decision, he immediately contacts his partners on the Chinese mainland through his representatives in Hong Kong.

Then with technical assistance and investment from Taiwan and Hong Kong, the mainland company sets up the production lines from which the brand-new mini-computers can quickly start to roll.

Labelled "Made in China," the computers are then packed in Hong Kong for shipment to customers all around the world.

But all of that could be seen as just a fairy tale except that the chances are it is all going to come true. Even now economists on the Chinese mainland, in Hong Kong and Taiwan, point to the cooperative ring consisting of the three sides that is gradually taking shape.

These same economists see the ring as becoming one of the four giants in the international trading arena, the others being the European Community, the United States and Japan.

The trade ring idea was first floated by Taiwan economists and has drawn warm responses from the mainland and Hong Kong.

"We encourage any form of trade so long as it will benefit all sides," said Wang Rui, a researcher on Taiwan's trade with the mainland working from the Beijing-based Institute of International Trade.

The basic idea for the trade ring goes like this: Taiwan, which is rich in funds, technology, and management, would play the role of an investor and high-tech developer while the mainland would be a production site because of its vast market, abundance of raw materials, and cheap labour cost.

Hong Kong, back by then in the fold of the mainland, would act as an intermediary and outlet for market research and sales.

The economists said that current indirect trade across the Taiwan Strait already has taken the embryonic form of the ring.

Most indirect trade is currently carried out through Hong Kong; its total trade volume possibly will soar to \$2.5 billion by the end of this year.

BUSINESS WEEKLY learned that more than 80 Taiwan companies have invested on the mainland. So far, their investments are valued at more than \$200 million, according to the Ministry of Foreign Economic Relations and Trade.

The mainland government has set preferential policies to attract Taiwan investors; they are still hesitant to take concrete moves because of their lack of knowledge of the mainland's investment climate and laws.

One economist said it would probably take eight or 10 years for the three sides to go into full cooperation.

He said that the economic cooperation ring would add strength to the three sides to face increasingly fierce competition from the U.S., Japan, and the unified European countries and also forge close links with one another to further their joint economic development.

Southeast Asia & Pacific

Nansha Oceanographic Station Project Shown
OW2812023088 Beijing Television Service in Mandarin
1100 GMT 24 Dec 88

[From the "National News Hookup" program]

[Text] [Video shows a report meeting with a man in naval uniform making a speech] A report team composed of six Nansha builders and defenders held the first report meeting in Beijing on the Navy's struggle on Nansha.

[Video cuts to shots of ships at sea, a worksite with construction equipment, a water area surrounded by a breakwater, a building, and a closeup of a sign reading "China Nansha Oceanographic Observation Station] Since February this year, the Navy has dispatched patrol and construction work fleets to Nansha for the purpose of building an oceanographic observation station and carrying out patrol duty to guard the reefs. After more than 6 months' hard work, a modern oceanographic observation station has been erected on Yongshu Reef, Nansha. Construction workers also reclaimed land and built a harbor basin [GANG CHI] there.

[Video cuts to shots of naval vessels at sea] Braving wild wind and waves, the naval patrol fleet has sailed several thousand nautical miles each quarter to safeguard the sovereignty of the motherland. Members of the Navy's Marine Corps have overcome every difficulty. Day and night, they guard (Gaojiaowu), Nansha, described as an (?outpost) [mao er dong] on the sea.

[Video returns to the scene of the meeting] At the report meeting, (Zhang Yazheng), a soldier of first-class meritorious deeds, briefed the participants on the arduous work of building the oceanographic observation station. (Yang Zhiliang), another soldier of first-class meritorious deeds, reported on the (Chigua) Reef self-defense counterattack on 14 March this year. (Li Yonghe), technician of a certain unit, reported on the deeds of (Zhu Jianguo), who died a martyr's death on Nanshan.

Son Sen on SRV 'Aggression' in Cambodia
OW2812185488 Beijing XINHUA in English
0820 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—Son Sen, commander-in-chief of the Democratic Kampuchean National Army, said there have been no signs that Vietnam has changed the position of its aggression against Kampuchea.

According to Radio Democratic Kampuchea today, Son Sen said the Vietnamese-installed Phnom Penh regime's stand during the recent Paris meeting among four factions of Kampuchea suggested no changes of Hanoi's attitude.

He said in an interview with the radio on December 26 that Vietnamese troops are dragging out their stay in the battlefields in Kampuchea. Moreover, Vietnam sent reinforcements of 26,000 men to Kampuchea during the June-December period.

Son Sen pointed out the partial withdrawal of troops announced by Vietnam was nothing but a conspiracy. Actually there have been troop movements. It was discovered that Vietnamese troops have been redeployed from strategic highways and major cities to remote forest areas, he said.

He said many Vietnamese soldiers who can speak Khmer also became the Phnom Penh regime's troops in disguise, which constitutes a great danger to the Kampuchean nation.

Son Sen said the five-point proposal on solution to the Kampuchean issue made by Samdech Norodom Sihanouk on November 27 was reasonable and beneficial to all sides. The proposal was unanimously supported by the three factions of the Coalition Government of Democratic Kampuchea.

Construction Minister Arrives in Malaysia
OW2812183488 Beijing XINHUA in English
1515 GMT 28 Dec 88

[Text] Hong Kong, December 28 (XINHUA)—Chinese Minister for Urban and Rural Construction and Environmental Protection Lin Hanxiong and six other officials arrived in Kuala Lumpur today for a week-long official visit to observe the development of housing and construction sectors in Malaysia, according to an OANA-BERNAMA [Organization of Asia-Pacific News Agencies - Pertubuhan Berita Nasional Malaysia] report.

Speaking to reporters upon arrival at the Kuala Lumpur International Airport, Lin said he knows that Malaysia has achieved tremendous progress in those two sectors and hopes that China will learn from this progress.

The delegation will also submit several proposals in the field of housing and construction when they meet Malaysian officials.

Lin is scheduled to meet Malaysian Housing and Local Government Minister Ng Cheng Kiat Thursday [29 December] and will be briefed on Malaysian housing projects.

Sino-Malaysia Joint Venture Wire Plant Planned
HK2712141788 Beijing CEI Database in English
27 Dec 88

[Text] Beijing (CEI)—Malaysia and China will start building a stainless steel wire plant costing 12 million U.S. dollars in Malaysia next year. It will be the first stainless steel wire producer in Southeast Asia.

The hi-tech project, a joint venture between China Metallurgical Construction Corporation (MCC) and Malaysia Perdana International Trade Corporation will produce stainless steel wire and other alloy steel products.

70 percent of the joint venture's 12 million U.S. dollars capital will be raised by the Perdana group and 30 percent by MCC. Chinese side will provide technique and equipment. It will have an initial production capacity of 3,500 tons, mainly for export.

MCC is one of the world's largest builders of iron and steel complexes and a Chinese state-owned corporation with a paid-up capital of one billion U.S. dollars and a workforce of 400,000.

Since the 80's, when China opened to the outside world, MCC has contracted projects altogether worth 600 million U.S. dollars in the Philippines, Thailand, Nigeria, Iraq, Japan and the United States.

Burmese Official Receives Chinese Ambassador
OW2612144688 Beijing XINHUA in English
1233 GMT 26 Dec 88

[Text] Rangoon, December 26 (XINHUA)—Chairman of Burma's State Law and Order Restoration Council General Saw Maung received Chinese Ambassador to Burma Cheng Ruisheng here this morning.

They had a cordial and friendly conversation.

This is the first time that General Saw Maung met Cheng Ruisheng after the Army took power in the country.

Near East & South Asia

Indian Marxist Leader Meets CPC Delegation
OW2912091588 Beijing XINHUA in English
0902 GMT 29 Dec 88

[Text] Trivandrum, India, December 29 (XINHUA)—Indian Communist Party (Marxist) general secretary met here today with a representative of the Chinese Communist Party (CPC) Central Committee.

E.M.S. Namboodiripad thanked the CPC for sending Li Chengren to attend his party's 13th congress.

Li said that the CPC is satisfied with the development of relations between the two parties and hopes that the relations will be further developed and strengthened.

Indian Communist Party (Marxist) Politburo member Surjeet gave a dinner Wednesday night [28 December] in Li's honor.

XINHUA Previews 4th SAARC Summit
OW2912083688 Beijing XINHUA in English
0740 GMT 29 Dec 88

[Text] Islamabad, December 29 (XINHUA)—The fourth summit meeting of the South Asian Association for Regional Cooperation (SAARC) is to open in Islamabad at 6:00 p.m. (local time) today.

The SAARC, which was formed at its first summit in Dhaka in 1985, consists of Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

The South Asian region, with a total area of over four million square kilometers and one billion population, or one-fifth of the world's total, only shares about 2 percent of the world's gross national product.

The three-day summit will be attended by President Husain Mohammad Ershad of Bangladesh, King J. S. Wangchuck of Bhutan, Prime Minister Rajiv Gandhi of India, President Maumoon Abdul Gayoom of the Maldives, King Birendra of Nepal, Prime Minister Benazir Bhutto of Pakistan and President J. R. Jayewardene of Sri Lanka.

King Birendra of Nepal is the current chairman of the SAARC summit which will elect Pakistan Prime Minister Benazir Bhutto its next chairperson for 1989.

During the summit, the SAARC leaders will review the progress so far achieved and lay down guidelines for the coming year.

The SAARC member countries have been conducting cooperation in 11 fields including meteorology, rural development, women in development, suppression of drug trafficking and abuse, science and technology, sports, arts and culture, postal services, agriculture and forestry, health and population activities, telecommunication as well as transport.

At the third SAARC summit held in Kathmandu in November last year, the seven South Asian countries signed a regional convention on suppression of terrorism and an agreement on establishing South Asian food reserve.

The SAARC leaders at the end of the coming summit on December 31 are expected to sign the Islamabad declaration reflecting the joint position of the seven heads of state and government on important international and regional issues of common concern and the overall policy guidelines for the course of action to be followed by the association.

The summit has been preceded by meetings of the programming committee of senior officials, the Standing Committee comprising foreign secretaries and the council of foreign ministers of the SAARC countries.

The summit meeting will provide an opportunity for the heads of state and government to have an exchange of views on important bilateral, regional and international issues.

The newly-elected Pakistan Prime Minister Benazir Bhutto is reportedly to have three rounds of talks with Indian Prime Minister Rajiv Gandhi.

According to reliable sources, the Indian and Pakistan prime ministers are expected to sign three bilateral agreements during their meetings.

The first pact is non-attack on each other's nuclear installations. A verbal understanding for such an agreement was reached in 1985 when the late Pakistan President Mohammad Ziaul Haq met Prime Minister Rajiv Gandhi in New Delhi. However, no formal agreement could be reached at that time.

The other two proposed agreements are the removal of the current system of double taxation between the two countries and the promotion of Pakistan-India cultural exchange.

With its scenic beauty and the special arrangements that have been made for the fourth SAARC summit, the Pakistan capital Islamabad presents a beautiful look to welcome the heads of state and government of the SAARC countries.

Meanwhile, extensive security measures have been adopted at the Islamabad Airport, three residential complexes where the distinguished guests will stay as well as the venue of the summit meeting.

Kuwait Provides Harbor Construction Funds
OW2412185788 Beijing XINHUA in English
1321 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—A bidding to purchase materials for the construction of Jinzhou Harbor were made public here today by the China National Technical Import and Export Corporation.

Offering different prices and services, 15 foreign suppliers made tenders for the packages including materials, harbor vehicles and boats, communication facilities and loading and unloading equipment.

Since all purchases will be paid with a soft loan by Kuwait Fund for Arab Economic Development, the international competitive bid was open only to foreign firms in accordance with the loan agreement between China and Kuwait.

Construction for the harbor in China's northeastern coast began in October 1986 and will be completed by 1990. Its total handling capacity is expected to reach 1.45 million tons annually, including 1.1 million tons of refined oil and 350,000 tons of sundry goods.

Liu Mansheng, chief of the project, said that the harbor would add a new outlet for locally refined oil and alleviate the strains on transport service in the northeast, regarded as China's base of heavy industry.

Funds for the construction come from state allocation, local capital market and the Kuwait Government loan, according to Liu.

This marks the first harbor project to be built in China with loans from Kuwait, which has provided fund before for seven Chinese projects including factories, a power plant and an airport.

Beijing Reception Marks Nepalese King's Birthday
OW2812174888 Beijing XINHUA in English
1307 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—Nepalese Ambassador to China Nayan B. Khatri and his wife gave a reception here today to mark the 44th birthday of King Birendra Bir Bikram Shah Dev of Nepal.

Bainqen Erdini Qoigyi Gyaincain, vice-chairman of the National People's Congress Standing Committee, attended the reception along with other Chinese officials as well as officials of many foreign embassies in Beijing.

Sub-Saharan Africa

CPC's Yang Rudai, Delegation Visit Ethiopia

Cooperation Agreement Signed
OW2312235188 Beijing XINHUA in English
1834 GMT 23 Dec 88

[Text] Addis Ababa, December 23 (XINHUA)—The Chinese Communist Party (CPC) and the Ethiopian Workers' Party (WPE) signed a plan here today to boost cooperation between the two parties.

Under the plan the two parties will exchange visits by their officials and help increase contacts between mass organizations of the two countries.

The document was signed by member of the Political Bureau of the CPC Central Committee and head of the visiting CPC delegation Yang Rudai and member and secretary of the WPE Central Committee Ashagre Yigletu.

Before signing the plan, both Yang and Ashagre expressed the belief that the document will lay the foundation for closer cooperation between the two parties.

After its arrival here last Sunday [18 December], the Chinese party delegation held extensive talks with Ethiopian party officials, including Political Bureau members Alemu Abebe and Shimelis Mazengia and paid a visit to Ethiopia's central region of Arssi.

During the talks, the two sides exchanged views on the experience and lessons they gained in the construction of their respective countries.

Ethiopian officials briefed the Chinese delegation on the political, economic and social situation in Ethiopia after the 1974 revolution which overthrew former Emperor Haile Selassie II.

The Chinese delegation briefed their hosts on the achievements made in China after the 3d Central Committee meeting of the 11th party congress in 1978, which charted the policy of economic reforms in China.

The two sides also exchanged views on some international issues, including the situation in southern Africa.

The delegation will leave for home on Sunday at the end of its four-nation African tour which covers Zambia, Kenya, Tanzania and Ethiopia.

Meet Ethiopian President

OW2412225988 Beijing XINHUA in English
1455 GMT 24 Dec 88

[Text] Addis Ababa, December 24 (XINHUA)—Ethiopian President Mengistu Haile-Mariam said today that the ruling Ethiopian Workers' Party and the Ethiopian Government attach great importance to the development of their friendship and cooperation with the Chinese Communist Party and government.

Mr Mengistu, also general secretary of the Workers' Party, made the statement when meeting Yang Rudai, member of the Political Bureau of the Chinese Communist Party Central Committee and head of the visiting Chinese Communist Party delegation.

He expressed appreciation of China's effort for safeguarding world peace, enhancing cooperation with other Third World countries and establishing a new world economic order.

The president voiced the hope that relations between China and Ethiopia and between the two parties will be further promoted in all fields.

He also wished China success in its modernization drive.

Mr Yang spoke highly of the achievements Ethiopia has made in its revolution and construction under the leadership of the Workers' Party and government.

He conveyed the regards to Mr Mengistu from Chinese party and government leaders.

Visit Concludes

OW2512193328 Beijing XINHUA in English
1842 GMT 25 Dec 88

[Text] Addis Ababa, December 25 (XINHUA)—The Chinese Communist Party delegation led by Political Bureau member Yang Rudai left here for home today at the end of a week-long visit to Ethiopia.

Speaking at the airport before his departure, Mr Yang said the visit has enhanced mutual understanding, confidence and solidarity between the Chinese Communist Party and the ruling Ethiopian Workers' Party and helped create conditions for further development of the relations between the two parties.

He said the cooperation plan for the next two years signed between the two parties during the visit will undoubtedly help promote the relations between China and Ethiopia in all fields.

Ethiopia is the last leg of the delegation's four nation African tour, which also included Zambia, Kenya and Tanzania.

Science, Technology Delegation Leaves Somalia

OW2912033088 Beijing XINHUA in English
0030 GMT 29 Dec 88

[Text] Mogadishu, December 28 (XINHUA)—A Chinese delegation of science and technology from the Chinese State Commission on Science and Technology ended its African tour and left here for home this evening.

The delegation has visited Tanzania, Kenya, and Somalia.

During its 4-day stay in Somalia, the delegation studied the situation and problems in the scientific and technological fields in Somalia and held talks with Somali officials on cooperation in science and technology between the two countries.

The delegation also visited Somali National University, factories, joint-venture projects and some scientific research institutions in Somalia.

It invited a Somali delegation to visit China to discuss ways of solving the scientific and technological problems in Somalia through mutual cooperation.

Rice Mill Construction Accord Signed With Ghana

OW2912024388 Beijing XINHUA in English
0035 GMT 29 Dec 88

[Text] Accra, December 28 (XINHUA)—China and Ghana signed here today an agreement on the construction of three rice mills at Afife, about 160 kilometres east of the capital of Accra.

Economic Counsellor of the Chinese Embassy in Ghana Zhou Haitao signed the agreement for the China National Complete Plant Export Corporation and Ghanaian Deputy Secretary for Agriculture Ibrahim I. Adam signed for his ministry.

According to the agreement, the Chinese side will help Ghana construct three small rice mills in the Afife Reclamation Area at a total cost of 742,800 renminbi yuan (about 200,000 U.S. dollars).

The Afife Project, a Chinese assisted project, includes an irrigation plant and a rice farm of 860 hectares. The project was handed over to the Ghanaian Government by the Chinese Government in September 1983. The rice farm reaped a bumper harvest this year with a total output of 3,682.9 tons.

Chinese Manage Rwanda Cement Factory
HK2212130788 Beijing CEI Database in English
22 Dec 88

[Text] Beijing (CEI)—Rwanda Cement Factory, the largest state-owned enterprise in Rwanda and managed by Chinese experts on behalf of the Rwandese Government, has got good economic results for the past few years.

According to general manager of the China Building-Materials Industrial Corporation for Foreign Economic-Technical Cooperation (CBMC), Rwanda Cement Factory, constructed by CBMC, was put into operation in 1985 with a designed production capacity of 50,000 tons of cement per year. Meanwhile, the two countries signed an agreement under which the factory would be managed by Chinese experts on behalf of the Rwandese Government.

In 1985, the factory turned out 30,000 tons of cement, in 1986 52,000 tons, and in 1987 62,000 tons, about 24 percent more than the designed capacity.

In the three-year period, the factory saw a great increase in the sales of its products and a decrease in production costs annually from 25,500 Rwanda francs per ton in 1985 to 16,000 Rwanda franc in 1987. Meanwhile, the price of the cement also declined from 27,900 Rwanda francs per ton in 1985 to 21,365 Rwanda francs in 1987.

This year, the sales volume is expected to be over 65,000 tons and the price is expected to further decline to below 20,000 Rwanda francs next year.

By the end of 1987, the accumulative total earnings by the factory reached 600 million Rwanda francs. In addition to operation taxes and depreciation fund, the Rwandese Government had received 1.2 billion Rwanda francs (15 million dollars), about 70 percent of the factory's previous investment of 1.71 billion Rwanda francs. The rest 510 million Rwanda francs, will be retrieved this year.

Moreover, the Rwandese Government has decided that those sports stadia and athletes dormitories under construction by China, will be managed and operated by Chinese experts after completion.

CBMC has now had contacts with more than 30 countries from Asia, Africa, Latin America and West Europe.

Tianjin Official Meets Tanzanian Delegation
SK2212222288 Tianjin TIANJIN RIBAO in Chinese
7 Dec 88 p 1

[Text] On the evening of 6 December at the Kaiyue Hotel, Tan Shaowen, deputy secretary of the municipal party committee, met with a three-member delegation of the Revolutionary Party of Tanzania, headed by (Ali), member of the Political Bureau and concurrently secretary of the Central Propaganda Department.

The meeting was held in an atmosphere of cordial friendship. Tan Shaowen introduced Tianjin's development situation over the past 10 years to the Tanzanian Guests. Head (Ali) spoke highly of Tianjin's achievements in reform. Present at the meeting were Xie Guoxiang, director of the propaganda department of the municipal party committee; Zhang Wei, secretary of the foreign economic and foreign affairs work committee under the municipal party committee; and Du Li, deputy director of the propaganda department of the municipal party committee.

The Tanzanian guests visited Daquizhuang Village on 6 December. During their stay in Tianjin, the Tanzanian guests will visit the Tianjin developmental zone, Tianjin harbor, and go sight-seeing in the city. The delegation will leave Tianjin on 8 December.

West Europe

European Investors Interested in Hainan
HK2612053488 Beijing CHINA DAILY
(BUSINESS WEEKLY SUPPLEMENT) in English
26 Dec 88 p 2

[By Yang Zhuqing]

[Text] Hong Kong-European trade and financial circles are greatly interested in Hainan Province, China's largest special economic zone, according to provincial Governor Liang Xiang.

Some European businessmen are intending to invest in the province, Liang told a press conference here when he returned from his European tour.

Liang led a group of officials attending a Swiss-sponsored symposium in Geneva on how to develop the Hainan Special Economic Zone. The group also visited Britain, France, West Germany and Italy.

Liang said that during the symposium, three sessions were held, each attended by 80 to 200 participants from European countries. They paid great attention to such subjects as Hainan's investment environment, quality of manpower and preferential policies. They asked various questions, including whether trade unions were allowed in joint ventures and whether strikes were allowed.

The presidents of National Westminster and Midland banks of Britain, two of the biggest banks in Europe, met with the governor and expressed their willingness to support investment in Hainan. The two banks decided to organize a visit by European entrepreneurs to investigate investment opportunities in Hainan Province next February, Liang said.

French Accor Company, the largest hotel company in France, has decided to build a high grade hotel on the island. It also will set up a hotel consulting company in the province in order to help hotels improve their management.

West Germany's Frankfurt Investment Company will organize five other companies into a syndicate for investment in Hainan. The Frankfurt firm intends to make a preliminary outline at a cost of 8-10 million deutsche marks and then decide on projects for investment. Liang said that the vice president of Frankfurt Investment Company arrived in Haikou, capital of Hainan Province, on December 12.

British Falor Woodrey Company, which has vast experience in airport construction, is planning to build an airport in Hainan Province while British Lancer Boss Company, one of the largest forklift truck manufacturers in Britain, will invest in building a forklift truck factory in Hainan. A letter of intent for the project was signed at the symposium.

The Swiss Air-Jeep Plane Manufacturer will produce its planes in the province, taking advantage of its preferential policy and low labour costs.

Many European companies are keen on such projects as processing pineapples, coconuts, lichees, mangoes and papayas. Perrier Fruit Juice Manufacturing Company will invest in some of those projects.

The governor said that all those projects were negotiated and decided upon during the visit to Geneva and other European cities.

University, FRG Firm Sign Reactor Accord
OW2812041788 Beijing XINHUA in English
0242 GMT 28 Dec 88

[Text] Bonn, December 27 (XINHUA)—China's Qinghua University and a nuclear industry equipment firm owned by Federal Germany's giant Siemens Corporation signed a cooperation agreement today to build a trial high temperature reactor.

The 10-megawatt reactor is mainly designed to test the special safety properties of reactors of the same type.

The reactor will be built at Qinghua's Institute for Nuclear Technology in Beijing. The accord was signed in the West German city of Bergisch Gladbach by Qinghua University and Federal Germany's Interatom GMBH firm, a subsidiary of Siemens AG, and the Julich Nuclear Research Center.

According to Interatom, both sides are preparing plans to jointly build a reactor with a power of 300 megawatts.

East Europe

Hu Qili Meets Romanian Party Delegation
OW2512130788 Beijing XINHUA in English
1212 GMT 25 Dec 88

[Text] Beijing, December 25 (XINHUA)—Hu Qili, Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee, met here this afternoon with a delegation from the Academy of Social and Political Studies of the Romanian Communist Party Central Committee.

The delegation is headed by the academy's President Dumitru Popescu, who is also member of the Executive Political Committee of the Romanian Communist Party Central Committee.

During their meeting, Hu Qili said party schools of China and Romania should cooperate in the studies of ideology and Marxist theories, adding this will benefit the socialist construction and party leadership in both countries.

Agreeing with Hu, Popescu said Romania and China call for new theories to support their social and economic development. "Party schools in the two countries should strengthen contacts in this field," he said.

Arriving in Beijing December 12, the Romanian visitors have toured Xiamen, Guanzhou, Shenzhen, and Hainan in south China. They are here as guests of the party school of CPC Central Committee.

Joint Romanian Coal Mine Begins Production
OW2412010188 Beijing XINHUA in English
1521 GMT 23 Dec 88

[Text] Taiyuan, December 23 (XINHUA)—Bailong Coal Mine, part of a Sino-Romanian cooperative venture, went into operation today at Huoxian County, north China's Shanxi Province.

The mine is designed to have an annual output of 1.2 million tons of coal.

A supporting coal cleaning plant with an annual capacity of 1.8 million tons also went into operation today.

The Huoxian coalfield, to be jointly developed by China and Romania through compensation trade, will have a total annual output of 6 to 8 million tons.

Construction of the Bailong mine started in June 1985 and it was completed 2.5 years ahead of schedule.

Romanian Minister of Mines Irimie Catargiu, who attended the inauguration ceremony of the coal mine today, said the Romanian side is full of confidence in the cooperative venture in Shanxi.

Sino-Albanian Barter Trade Agreement Signed
OW2412190388 Beijing XINHUA in English
1300 GMT 24 Dec 88

[Text] Tirana, December 24 (XINHUA)—China and Albania signed here today a 1989 barter trade protocol, under which China will export machinery to Albania in exchange for mineral products.

After the signing ceremony, Wang Pinqing, deputy minister of China's Foreign Economic Relations and Trade Ministry, and his counterpart Shane Korbeci discussed how to promote bilateral trade.

Latin America & Caribbean

Economic Accord With Colombia Activated
OW2712213988 Beijing XINHUA in English
1654 GMT 27 Dec 88

[Text] Bogota, December 27 (XINHUA)—Colombian President Virgilio Barco Vargas authorized on Monday [26 December] the start of an agreement to improve economic relations with China.

The agreement will help establish stable economic cooperation between Colombian and Chinese corporations, companies and organizations, a presidential spokesman reported.

The accord also provides for the building of new industrial installations and the modernization of existing infrastructure, the transfer of patents, the exchange of technical information and documents and the creation of joint ventures.

The agreement was signed in October 1985 when former Chinese Premier Zhao Ziyang visited Colombia.

The two countries also plan to set up a joint commission to verify compliance with the pact.

Beijing Reception Marks Cuban National Day
OW2812175488 Beijing XINHUA in English
1303 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—A reception marking the 30th anniversary of the national liberation of Cuba was given here this evening with nearly 100 Chinese and Beijing-based Cuban Embassy staff present.

The reception was sponsored jointly by the Chinese People's Association for Friendship with Foreign Countries (CPAFFC) and the China-Latin America Friendship Association (CLAFA).

In their toast, both Hu Hongfan, CPAFFC deputy president, and Cuban Ambassador to China, Jose Armando Guerra Memchero, reviewed the friendly relations of cooperation between the Chinese and Cuban peoples and expressed their hope of giving new impetus to these ties.

Chu Tunan, CLAFA president, and Zhu Qizhen, vice-foreign minister, were also present on the occasion.

CPC Appoints Secretaries in Tibet, Guizhou
OW2912115388 Beijing XINHUA in English
1131 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—The Chinese Communist Party Central Committee recently appointed Hu Jintao secretary of the party committee of the Tibet Autonomous Region, and Liu Zhengwei was appointed secretary of the party committee of Guizhou Province.

The Party Central Committee also decided to remove Hu Jintao from the post as secretary of the party committee of Guizhou Province and Wu Jinghua from the post as secretary of the party committee of Tibet.

Wu Jinghua has been appointed deputy secretary of the party group of the State Nationalities Affairs Commission.

Uyur Students Stage Demonstration in Beijing
HK2812153288 Beijing ZHONGGUO XINWEN SHE
in Chinese 1342 GMT 28 Dec 88

["Several Hundred Students of Uyur Nationality Stage a Demonstration in Beijing Today"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 28 Dec (ZHONGGUO XINWEN SHE)—More than 300 students of the Uyur nationality from Beijing Central Institute of Nationalities, Beijing Teachers' University, Beijing Agricultural University, and two other colleges staged a demonstration in the streets of Beijing at 0810 today.

It is said that this demonstration staged by Uyur students was triggered by a film show at the Central Institute of Nationalities on the evening of 27 December. "Love Linked by Letters and Swords in Jiangnan" and "Love and Hatred on the Gobi Desert," both adapted from Jin Yong's novels, were shown during the film show. Believing that the films are disrespectful of their nationality, some Uyur students from the five colleges in Beijing joined to stage a demonstration. They gathered at the Nationality Palace this morning and started the demonstration, holding three placards carrying slogans written in both Chinese and English: "Oppose Racial Discrimination," "What Minority Nationalities Need Is Genuine Human Rights," and "Foster Nationality Solidarity on the Basis of Equality Between Nationalities."

When the demonstrators arrived at Xidan, they encountered some cadres from the State Nationalities Affairs Commission who tried to stop the march. The demonstrating students were then shown to the office building of the State Nationalities Affairs Commission. Minister of the State Nationalities Affairs Commission Ismail Amat and officials of the education and cultural sections

of the commission entertained the students in a conference room, listened to their complaints, and criticized them for staging a demonstration without approval, which constituted a violation of the local regulations concerned.

The students returned to their own campuses after the meeting.

NPC Standing Committee Meeting Continues

Commodity Inspection Law Discussed
HK2912082188 Beijing XINHUA Hong Kong Service
in Chinese 0805 GMT 28 Dec 88

["The NPC Standing Committee Deliberates Draft of Commodity Inspection Law"—XINHUA headline]

[Text] Beijing, 28 Dec (XINHUA)—At the fifth session of the Seventh NPC Standing Committee, some committee members said that the Commodity Inspection Department should have independent power to enforce the relevant law and no party or government leader can interfere in their law enforcement work.

NPC Standing Committee member Yang Ming said: When some departments imported equipment, because the responsible people had accepted bribes from foreign businessmen or Hong Kong businessmen, they just paid a higher price to import goods of inferior quality. Although the commodity inspection organ discovered that the goods did not measure up to the standards, they could do nothing because the superior leaders were involved in these transactions. What they could do was to turn big problems into small ones and turn small problems into nothing at all.

Both Yang Ming and Hu Keshi, another NPC Standing Committee member, held that a benign legal environment should be created for the commodity inspection organs and for the inspectors. Officials who abuse their powers and illegally interfere in commodity inspection work should be punished according to administrative discipline and the law.

When deliberating the draft of the NPC Law on the Inspection of Import and Export Goods, the NPC Standing Committee members said that the formulation of this law will strengthen the management and supervision over import and export commodities from production to export, will promote foreign trade, and will safeguard the good reputation of our country.

They proposed that the draft be further revised and adopted as soon as possible.

NPC Standing Committee Vice Chairman Chen Muhua said: When the Commodity Inspection Department discovers any problem in the quality of import or export

commodities, it should take some service measures and help the enterprise concerned improve production or help the importer unit claim compensation for the losses.

She said: In order to more properly and accurately inspect commodities, the inspecting equipment should be modernized, and the professional Inspection Department should be combined with other social forces. In particular, the research personnel and facilities in the institutions of higher learning and research institutes should also be used to improve the commodity inspection work.

Some committee members said that the Commodity Inspection Department should also bear legal responsibility if the quality of export commodities is found not up to standard.

They pointed out that constant supervision over the work of the Commodity Inspection Department should be strengthened, and the legitimate rights and interests of producers and commodity handlers should be protected from being infringed upon.

Luo Gan Appointed State Council Official
OW2912114388 Beijing XINHUA in English
1102 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—The 53-year-old Luo Gan was appointed new secretary-general of the State Council here today replace Chen Junsheng, who was removed from his post as the secretary-general because of health reason.

The decision was made at the Fifth Meeting of the Standing Committee of the Seventh National People's Congress (NPC), China's supreme power organ.

The meeting also decided to relieve Luo Gan of his post as minister of labor.

Chen Junsheng is currently one of the state councillors.

A native of Jinan City in Shandong Province, Luo studied at the Beijing Institute of Iron and Steel Engineering in the 1950s. Afterwards, he went to Democratic Germany to study the German language and mechanical engineering.

He has served as deputy director of the Science and Technology Committee and deputy governor of Henan Province, secretary of the Henan Provincial Communist Party Committee, and vice-president and member of the Secretariat of the All-China Federation of Trade Unions.

Luo was appointed minister of labor at the first session of the Seventh National People's Congress held last April. He is currently a member of the 13th CPC Central Committee.

The new appointment and removal has been submitted to the NPC Standing Committee for approval by Premier of the State Council Li Peng.

Issues Standardization Law
OW2912160788 Beijing XINHUA in English
1428 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—The National People's Congress (NPC) Standing Committee today promulgated China's first standardization law in a bid to match its standardization work to the country's modernization and the development of its foreign trade.

The law is expected to promote the progress of China's socialist commodity production and scientific undertakings, and improve product quality and economic efficiency.

The law stipulates that unified technical standards should be made for the design, production, inspection, packing, storing, transportation, safety and hygiene, as well as the quality, grade, assortment and specifications of industrial products.

According to the law, unified standards should also be made in the fields of environmental protection, and the designing and work procedures of construction projects, as well as the technical terms, symbols, code names and drafting used in industrial construction and environmental protection.

The aim of standardization, the law says, is to formulate relevant standards, organize their implementation and carry out supervision. The work should be included in the country's plan for national economic and social development, it stresses.

Consisting of 26 articles in five chapters, the law rules that State Council departments in charge of standardization work are responsible for the drawing up of unified national standards. Professional standards can be formulated if there are no national standards, while provincial standards can also be worked out in case of need.

Standards concerning the health of workers, and personal and property safety are compulsory, while others are recommendatory. Also, the state encourages the adoption of international standards, the law says.

Stipulations on the drawing up and implementation of standards and legal responsibilities of those who violate the law are also provided for in the law, which will come into effect April 1 next year. Detailed regulations for the implementation of the law will be formulated by the State Council.

Results of Meeting Noted

OW2912161488 Beijing XINHUA in English
1503 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—A law on standardization and a decision to revise the country's previous land-use law were adopted today at the closing ceremony of the fifth meeting of the Seventh National People's Congress (NPC) Standing Committee.

The law on standardization, which will be officially implemented from next April 1, is the first of its kind since New China was founded in 1949.

The revision of the land-use law will be published in accordance with the NPC Standing Committee's resolution to amend the law, which was approved June 25, 1986.

The amended law stipulates that "neither units nor individuals are permitted to seize, sell or transfer land in any illegal way," but "the use rights to state- or collectively-owned land can be transferred in accordance with legal provisions," and "the state will carry out the system of paid land-use rights to state-owned land."

According to the revision, those who violate the law by digging up arable land for other than agricultural purposes must be punished within a set time limit.

Today's meeting also passed a proposal about appointments and removals submitted by Premier Li Peng. It appointed Luo Gan (previously labor minister) secretary-general of the State Council, replacing Chen Junsheng. Wu Shaozu was named minister of the State Physical Culture and Sports Commission, replacing Li Menghua.

The meeting was jointly presided over by the NPC Standing Committee's chairman, Wan Li, and the committee's vice-chairman, Peng Chong.

During the seven-day meeting the committee heard a report on the country's current economic situation and next year's economic development plan, delivered by Vice-Premier Yao Yilin, and had a lively discussion over the report.

The appraisal of the situation in the report is right and the measures the State Council is taking are effective, members agreed when examining the report.

Some members said that relevant departments should make greater efforts in research, in drawing up and implementing industrial policies, and in perfecting the tax system, in a bid to control next year's price rises.

Meeting Adjourns 29 Dec

OW2912134988 Beijing Domestic Service
in Mandarin 1030 GMT 29 Dec 88

[From the "National Hookup" program]

[Text] The fifth meeting of the Seventh NPC Standing Committee closed at the Great Hall of the People this afternoon. The meeting approved the PRC Standardization Law and the NPC Standing Committee's decision to revise the PRC Land Management Law.

At Premier Li Peng's proposal, the meeting decided to appoint Luo Gan as the secretary general of the State Council and remove Chen Junsheng from his concurrent post as secretary general of the State Council, and to appoint Wu Shaozu as the minister in charge of the State Physical Culture and Sports Commission, and remove Li Menghua from this post. The meeting also decided to relieve Luo Gan of his post as labor minister.

President Yang Shangkun on 29 December issued No 11 and No 12 Presidential Decrees, promulgating the PRC Standardization Law and the NPC Standing Committee's decision to revise the PRC Land Management Law. According to the Presidential Degrees, the Standardization Law will become effective on 1 April 1989, and the decision to revise the Land Management Law comes into force upon promulgation on 29 December 1988.

President Yang Shangkun on 29 December also issued No 13 Presidential Decree, releasing the namelist of appointments and removals of the secretary general of the State Council, the labor minister, and the minister in charge of the State Physical Culture and Sports Commission, which was decided by the current NPC Standing Committee meeting.

The 53-year-old Luo Gan, newly appointed secretary general of the State Council, is a college graduate and a native of Shandong's Jinan City. He has served as deputy director of the Zhengzhou Machinery Institute under the First Ministry of Machine-Building, vice chairman of the Henan Provincial Science and Technology Commission, vice governor of Henan, secretary of the Henan Provincial CPC Committee, vice president of the All-China Federation of Trade Unions, and labor minister.

The 49-year-old Wu Shaozu, newly appointed minister in charge of the State Physical Culture and Sports Commission, is a college postgraduate and a native of Hunan's Leiyang. He has worked as chairman of the All-China Students' Federation, vice president and president of the All-China Youth Federation, and vice minister and political commissar of the Commission for National Defense Science, Technology, and Industry. His current military rank is major general.

Chairman Wan Li and Vice Chairman Peng Chong presided over the closing session of the fifth meeting of the Seventh NPC Standing Committee. A total of 124 NPC Standing Committee members attended the meeting.

The meeting approved a report reviewing the credentials of the Seventh NPC deputies elected in by-election, and a report on the results in reviewing deputies' motions forwarded by the Presidium of the First Session of the Seventh NPC to the Law Committee and the Overseas Chinese Affairs Committee.

The meeting also made other appointments and removals.

Vice chairmen who attended the meeting were Xi Zhongxun, Wei Guoqing, Zhu Xuefan, Ngapoi Ngawang Jigme, Bainqen Erdini Qoigyi Gyaincain, Seypidin Aze, Zhou Gucheng, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Ni Zhifu, Chen Muhua, Lei Jieqiong, and Wan Hanbin.

Wang Bingqian, state councillor, Ren Jianxin, president of the Supreme People's Court, Liu Fuzhi, procurator general of the Supreme People's Procuratorate, and officials of all provincial, autonomous regional, and municipal people's congress standing committees observed the meeting.

XINHUA Interviews New Sports Minister
OW2912113188 Beijing XINHUA in English
1052 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—The National People's Congress (NPC) Standing Committee today appointed 49-year-old Wu Shaozu as minister of the State Physical Culture and Sports Commission.

He replaces 66-year-old Li Menghua.

Wu was born in Leiyang County in central China's Hunan Province. At various times in his career, Wu has worked in the Central Committee of the Chinese Communist Youth League, been president of the All-China Students' Federation, secretary of the Office of the State Council, vice-president of the All-China Youth Federation and vice-minister and political commissar of the Commission of Science, Technology and Industry for National Defence under the State Council.

In an exclusive interview with XINHUA, Wu said that he will work hard to improve China's physical culture and sports as well as the health condition of the people during his tenure of office.

With an eye on the coming Asian Games in Beijing in 1990 and the 25th Olympic games in Barcelona in 1992, Wu said he and his colleagues will organize Chinese sportsmen and sportswomen to train harder and in a more scientific way. They will also look out for more young sports talents.

At the same time, the commission will actively work to create a mass physical culture and widespread sports activities. The country's sports administration will be further reformed, he said.

CPC on Quality of Party Members in Reform
OW2812012488 Beijing Domestic Service
in Mandarin 1030 GMT 27 Dec 88

[From the "National Hookup" program]

[Text] How is the quality of the 47 million CPC members under the new situation of reform and opening to the outside world? This has been a question of public concern.

Our station reporter Li Renzu recently learned from the relevant departments of the CPC Central Committee that the mainstream of party members is healthy. Over the past decade, a large number of outstanding party members with emancipated minds, the determination to make reform, and the capabilities to lead the masses in fulfilling the tasks have emerged in all trades and professions. Materials collected over the past decade show that, at the critical junctures of defending the motherland, rushing to help disaster victims, protecting collective property, maintaining public order, and safeguarding social stability and unity, many exemplary communists were always in the van in heroically sacrificing their lives for the people.

Among the advanced individuals commended nationwide and in various localities, the majority are party members. All the 15 comrades conferred the title of model worker by the State Council last and this year are party members. Of the 4,304 recipients of the 1 May Labor Medal awarded by the All-China Federation of Trade Unions in recent years, 79 percent are party members, while 87 of the 100 national outstanding peasant entrepreneurs and all of the best peasant entrepreneurs are party members. Of the 1,341 scientific and technical managerial experts evaluated and selected by the State Science and Technology Commission for their meritorious services, 64 percent are party members. Of the 1,000 recipients of the Medal of the People's Teacher awarded by the State Education Commission, 80 percent are party members. Of the 255 soldiers conferred various titles of honor by the Central Military Commission, all PLA headquarters, arms and services, and military regions between 1983 and 1987, 92 percent are party members. We can say for sure that the tremendous achievements scored in China's reform and construction

over the past decade are inseparable from the exemplary vanguard role played by the large numbers of party members and party member-cadres.

Concerned officials of both the Propaganda and the Organization Departments of the CPC Committee reminded this reporter, however, that in such an extensive and penetrating historical transformation, there is a general problem of inadequate ideological and theoretical preparedness among our party members. A fairly large number of party members have failed to keep their ideological and cultural attainment abreast of the development of socialist commodity economy and the demands of the modernization drive. Some party members, who have not yet rid themselves of the shackles of the outdated concept of natural and product economy, have failed to understand, or even dispel misgivings about, the party's current policies. Still other party members, who waver in their socialist and communist conviction, have failed to resist the temptation of money and power, and the inroads of erroneous ideological trends. A number of party member-cadres, who have recently taken up leading posts, urgently need to strengthen their party spirit and practical work training. Besides, there are a handful of party members who have violated law and discipline and degenerated to decadent elements.

The officials of the Propaganda and Organization Departments pointed out: All this shows that the work to strengthen education among party members in the course of reform and opening is a pressing task confronting the whole party.

Meeting on Education for Party Members Held

Zhao Ziyang Meets Officials

OW2912120688 Beijing Domestic Service
in Mandarin 1030 GMT 29 Dec 88

[From the "National Hookup" program]

[Text] Zhao Ziyang, general secretary of the CPC Central Committee, had a cordial meeting at Huarentang Hall in Zhongnanhai this afternoon with all participants in the national meeting on education for party members. He also attended a discussion with senior officials in charge of education of party members in all provincial, autonomous regional, and municipal party committees, as well as officials of relevant departments.

Other central leaders Qiao Shi, Hu Qili, Yao Yilin, Song Ping, and Rui Xingwen were present at the meeting.

Song Ping Addresses Meeting

OW2812011188 Beijing Domestic Service
in Mandarin 1030 GMT 27 Dec 88

[From the "National Hookup" program]

[Text] A national work conference on education of party members was held today at the Huaren Hall in Zhongnanhai. It was stressed that the new situation of reform and opening to the outside world urgently demands intensive education for party members to improve their quality and increase the party's fighting capacity.

Song Ping, member of the Political Bureau and head of the Organization Department of the CPC Central Committee, addressed the conference. He said: Ours is a big party with a membership of 47 million. It shoulders the heavy historical task of building socialism with Chinese characteristics and faces the dual test of acting as a ruling party and implementing the reform and open policies. Such being the case, our broad masses of party members are required, on the one hand, to improve their quality, enhance their party spirit, and play an exemplary vanguard role on all work fronts. On the other hand, our party members should correctly understand and respond to the various trends of thought and practical questions society poses and forge close ties between the party and the masses of people to lead them in working hard for the four modernizations and the revitalization of China.

Song Ping pointed out: The party Central Committee and the leading comrades at the central level have, in particular, stressed the need to give full play to our party's political advantages and to reinforce its role as the leader, the core, and the supervisor in guaranteeing the success of various work. Because of this, it is all the more necessary to strengthen the education of party members with a view to arming the whole party with the basic Marxist theory and the party's line.

Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, pointed out: The current work of educating party members is far from fitting the new development of the situation and meeting the needs of the new tasks. Party organizations at all levels must have a clear understanding of the urgency of strengthening the education of party members.

Wang Renzhi continued: At present, and for some time to come, emphasis should be laid on the following tasks in educating party members: They should be educated in such a way that they will base themselves on the reality of the initial stage of socialism and integrate the party's highest ideal with the common ideal of the people of all nationalities. Also, education should be given to party members so that they will apply themselves to developing productive forces and promoting the socialist commodity economy, adhere to democratic centralism, and strictly abide by party discipline and state laws.

Wang Renzhi stressed: Currently, in educating our party members to firmly bear in mind the party's purpose of serving the people, we should, in particular, emphasize that the people's interests are above anything else. In improving the economic environment and rectifying economic order, every party member should take account of the overall interests and undertake more work, endure more hardships, and even sacrifice some of his own interests for the sake of our country.

Wang Renzhi further pointed out: In educating party members, we must unremittably stress the need for struggle against corruption. Through ideological education, institution of new systems, and intensified management, we should see to it that our party members learn how to swim in the sea of the commodity economy without the risk of being drawn into the whirlpool of corruption.

Wang Renzhi requested that, while educating party members, all localities make an earnest effort to organize their party members and leading cadres, especially those at and above county level, to study the basic Marxist theory in line with the needs of reform and modernization. Based on the proportions of party members of various professions in grass-roots units and in accordance with the actual state of their thinking, specific points should be laid down for educating party members in different fields of work and at different stages and depths of education.

The above conference was cosponsored by the Organization Department and the Propaganda Department on behalf of the CPC Central Committee.

Ceremonies Held for Opening of New Railway

Li Peng Cuts Ribbon

*OW2912004488 Beijing Domestic Service
in Mandarin 1030 GMT 28 Dec 88*

[From the "National Hookup" program]

[Excerpt] The Chawu Railway Station in Huairou County on Beijing's outskirts was decorated in a festive way. A grand ribbon-cutting ceremony was held here at 1615 today to mark the completion and opening of the first-phase project of the Datong-Qinhuangdao Railway.

Li Peng, State Council premier, braved the cold weather and drove to the Chawu Railway Station, some 70 kilometers from Beijing, to cut the ribbon at the opening ceremony.

The Datong-Qinhuangdao Railway runs through Shanxi, Hebei, Beijing, and Tianjin with a total length of 653 kilometers. It is the first electrified double-track railway for heavy-load trains in our country with fully automated equipment for power supply, telecommunications, traffic control, operations, and management. The final designed transport capacity of this railway will be 100

million metric tons. The short-term goal is for transport capacity to reach 55 million metric tons, once all auxiliary facilities for the first-phase project are completed.

The whole project has two phases. The first phase covers the 410.8 kilometers from Datong, Shanxi, to Sanhe County, Hebei. The work is difficult due to complicated geological conditions. Many spots along this line require special attention and hard work. A number of difficult technical problems had to be solved, many pieces of equipment had to be imported from abroad, and high technological requirements must be met. The state investment amounted to 4 billion yuan.

The construction of the Datong-Qinhuangdao railway is based on an important decision made by the State Council. In 1985 the Ministry of Railways proposed an overall railway construction program for the Seventh 5-Year Plan, including the Datong-Qinhuangdao Railway project in the north, the Hengyang-Guangzhou Railway project in the south, and the eastern China railway system in the central part of our country. Later the Ministry of Railways mobilized more than 70,000 workers from its seven engineering bureaus, including the No 17, No 16, No 18, and No 1 bureaus, the Tunneling Bureau, and the Electrification Engineering Bureau. Exhibiting hardship-enduring, daring, and dedicated spirit and the desire to pay attention to scientific methods and aim high and to use less investment to gain greater results, the railway construction workers overcome one difficulty after another and did many good jobs in building railroads, bridges, and tunnels, setting records in the history of railway construction in China. Construction work began in January 1985, and after about 4 years the first-phase project was completed as scheduled. This met the State Council's requirement that the first-phase project be completed and start to transport coal in 1988.

State Councillor Zou Jiahua and Vice Minister of Railways Tu Yourui read congratulatory messages on behalf of the State Council and the Ministry of Railways, respectively, at the opening ceremony here today.

Premier Li Peng made a speech at the ceremony. [passage omitted on Li Peng's speech—identical to recorded portion in referent editorial report]

Li Peng Speaks at Ceremony

OW2812233288 [Editorial Report] Beijing Television Service in Mandarin at 1100 GMT on 28 December, in its "National News Hookup" program, broadcasts a 3.5-minute video report by reporters Liu Zhengzhu and Meng Fanlu on a ceremony to mark the completion and opening of the first-phase project of the Datong-Qinhuangdao Railway. The ceremony was held at 1615 Beijing time on 28 December, at the Chawu Railway Station in Huairou County, on the outskirts of Beijing, according to the announcer.

The video report opens with shots of a railway station. Li Peng is shown walking to the platform, applauding, followed by a shot showing him cutting the ribbon. Then a train decked with red streamers is seen departing.

The next sequence shows a railway map, the railroad, and an unidentified electrical distribution facility. A shot is also given of people working in a computerized control room.

The video report then cuts to shots of an unidentified meeting hall. A streamer on the rostrum reads: "Open-to-Traffic Ceremony for First-Phase Datong-Qinhuangdao Railway Project." State Councillor Zou Jiahua, Vice Minister of Railways Tu Yourui, and Premier Li Peng are shown speaking.

A video recording of Li Peng speaking concludes the report. Li is heard saying: "The Datong-Qinhuangdao Railway is one of our country's major railway trunk lines. It is also a modernized railway and a special coal transportation line. We have looked forward to the completion of the Datong-Qinhuangdao Railway project for a long time. This special railway will allow the abundant coal resources in Shanxi, Inner Mongolia, and Shaanxi to be transported to northern, eastern, northeast, and southern China, solving the coal shortages being experienced at present, particularly the current problem of insufficient coal for power generation in these areas. So, the completion of this railway is welcomed not only by the people of northern China, but also by the broad masses of people in various localities and provinces of our country."

State Council Sends Congratulations
OW2712213788 Beijing XINHUA in English
1622 GMT 27 Dec 88

[Text] Beijing, December 27 (XINHUA)—The State Council, China's highest governing body, today sent a message of congratulations to the builders of the Daqin railway line upon its going into operation.

The railway started from Datong, Shanxi Province, to the port city of Qinhuangdao in Hebei Province.

In the message, the State Council highly praised the 70,000-odd workers who had to overcome various difficulties to accomplish the construction according to schedule.

The message said, "The operation of the line will be of great significance for building up the coal production base in Shanxi and boosting national economic development."

In the message, the State Council also encouraged railway builders to work even harder and more efficiently in completing the second phase of the Daqin railway.

The construction started in January 1985. In the first phase, the builders constructed 410.8 km of lines.

The main function of the electrified railway will be to transport coal from Shanxi Province to Qinhuangdao Port for export, XINHUA learned earlier.

Analysis on Achievements of 10 Years of Reform
HK2812104688 Beijing RENMIN RIBAO in Chinese
25 Dec 88 p 2

[Article by reporter Dong Huanliang (5516 3562 0081): "Looking at the Reform From Afar and From a Close Distance—More Analysis on the Achievements of the Reform"]

[Text] "Is the reform coming to a halt? Is it facing an ebb tide?" We always hear people discussing such problems with concern, worries, and doubts.

In the period before and after the National Economic Structural Reform Work Meeting, what this reporter heard at two forums participated in by comrades from leading departments and research departments for structural reform was: the reform cannot stop, nor can it fall back, otherwise all things done would be in vain. The hope of China lies on its unswerving determination in to deepen the reform.

The Most Important Achievement of the Reform—It Breaks Seclusion and Stagnation

Recently, leading comrades of the central authorities pointed out: The significance of the reform to China is not only what it brought us, but more importantly, it ended the seclusive and stagnant situation, and started a new period of historical development.

There is a common saying that one should look at things' appearance up close, and their trends from afar. Though things happening around us everyday can be clearly seen, we can hardly be aware of their changes. If we compare with the facts that took place long ago, the changes of China in its economic operation and social life before and after the reform become obvious. China is no longer a pool of stagnant water encircled by seclusion and stagnation.

Take the economic operation mechanism as an example. The old system was basically operating according to mandatory plans of the state, but now we have ended this stalemate. Sixty-five percent of agricultural production and fifty-five percent of industrial consumer products are being "regulated by the market." The means of production being regulated by the market also amount to 40 percent.

At present, the coastal areas, which account for one-third of the country's industrial output, have been open to foreign countries. Our country's total volume of import

and export trade has increased by more than 200 percent compared with 10 years ago, in which the growth of hard currency trade is among the best of socialist countries.

It is true that these figures are convincing, but the flow of materials and people circulating in cities and rural areas of China through "land, sea and air" passages day and night is also vividly telling everybody that the seclusive and stagnant situation in China has been put to an end. Take the industrial "big brother" Shanghai Municipality as an example. In the past, there was quite a large amount of light industrial products supplied from Shanghai to its brother provinces and municipalities, but only a few commodities were supplied from these provinces and municipalities to Shanghai. How about the present situation? The director of the Shanghai Municipal Structural Reform Commission said, "As we have developed the commodity economy and ended regional separatism, light industrial products supplied by other provinces and municipalities to Shanghai Municipality accounts for 30 to 40 percent of Shanghai's total demand, while Shanghai supplies 40 percent of its light industrial output to other provinces and municipalities and 30 percent to the international market."

Now people and materials are circulating, and production factors such as capital, securities and technology are also under circulation. This is a basic characteristic brought by the reform to the society of China today.

There Will Be Numerous Contradictions if There Are Numerous Choices—Better Than Being Trapped in a Blind Alley

There will inevitably a certain degree of confusion when the reform has ended the situation of stagnation and seclusion but a new order has not been readily established. The reasons for this problem are complicated. To sum up, most comrades have the following views:

—Some phenomena are problematic if we judge them by old rules. It is necessary for us to understand them with new concepts. For example, as "public servants of the people," the management personnel can dismiss some workers. We cannot explain this practice with the old logic. However, judging from the need for developing the commodity economy, this is beneficial to the circulation of the labor force as well as the raising of the efficiency of work.

—Of course, part of the "confusion" is caused by lack of experiences. When implementing reform measures, it is always necessary for us to "take one step and look around before taking another," and make suitable adjustment to the steps and methods taken by summing up experiences from practices. The famous economist Liu Guoguang pointed out, "The key to the initial success of rural reforms in China lies in the replacement of the original system of the people's commune by the contracting management system based on rural households. This is a kind of change in mechanism. The

strategy chosen for the previous urban economic reform was basically one which aimed at profit stimulation and not a change in mechanism. Now, having summed up our experiences, we suggest an enterprise reform mainly for separating management from ownership and making property rights more explicit. Our purpose of making this suggestion is to search for a way to realize a change in mechanism."

—Reform is a complicated systems engineering. The reform measures implemented in the previous stage of urban reform lacked proper coordination. For example, when the old order has been eradicated and a new one has not yet been established, and the law is not comprehensive enough, unwritten rules such as the establishment of unprincipled connections in the transactions of commodities and bribery will immediately appear among the people. This trend will spread rapidly also.

Part of the confusion is related to the unbalanced development of reforms. For example, the development of reforms in some of the coastal areas are rapid, and the effects of the new system as a factor are greater; while comparatively the influence of the traditional system is largely retained in the interior. This kind of imbalance will inevitably intensify all the contradictions in the formation of a unified market.

Though different kinds of conflicts and contradictions exist, and even a certain degree of confusion, our economic system is more plastic than before if we judge it from a different angle. Problems in this respect are getting more prominent. As what was said by Li Jun, deputy director of the China Institute of Economic Structural Reform, "Reform is not a black box for which there is no regularity to trace." If we can understand the regularity of reform and establish a necessary new order, new problems can be gradually solved. The numerous contradictions imply that there are numerous choices of solutions. This is much better than no choice at all under the old system whereby people are trapped in a blind alley.

Consensus of the Majority: Reform Cannot Be Reversed, But Can Be Deepened Overall

China's reform forms an irreversible trend. To explain this, Wu Jiaxiang of the Investigation and Research Center of the Central Office under the CPC Central Committee made the following inferences in the aspects of production relationship and productive forces:

First, the economic self-regulatory mechanism begins to grow under the reform. The core of this mechanism is its independent decisionmaking nature. Before the reform, enterprises worked like robots. They had to act completely according to orders. The reform enhanced the growth and strengthening of the independent decision-making nature of enterprises. Once this self-regulatory mechanism appears, we can hardly neglect it. It is like a tree. Once it grows up, it can hardly be shaken.

Second, during the reform, the rapidly developing technological progress possesses a typical irreversibility. If technology is applied in production, it will not be abandoned easily. It is a "ratchet" preventing the wheel of history from reversing. Technological progress will inevitably lead to a transformation of economic and social organizations.

The reform cannot be reversed. However, the country is now emphasizing rectification and improvement. Does it imply that the state is hesitating in the advancement of the reform? Comrades who attended the forums thought that both "temporary" and "permanent" solutions have to be adopted together in order to achieve the goal of rectification and improvement. The deepening of reforms is a "permanent" solution. If we do not carry out a reform of the investment system and let people continue to compete for launching projects, then inefficient investments will become uncontrollable. If we do not conduct reform and adjustment of the allocation system, all units will continue to compete in raising their consumption funds. And if we do not promote enterprise reform, we cannot increase the effective supply of products which are in short supply or have a ready market. In short, total demand and total supply can hardly be balanced without reformation, and a relaxed environment will never appear.

Yi Zhenqiu, the Director of the Guangdong Municipal Structural Reform Office, quoted an example about the circulation problem. He said that we cannot only depend on investigation to tackle the existing problem of the confusing order of circulation. The key to this problem is to deepen the reform and make public the administrative allocation measures. Now what most people "resell" are approval letters for local and foreign products which have great price parities. The money wasted by enterprises in this way will go to certain companies, while the state does not get a penny at all. Malpractices for selfish ends will be stopped if we adopt the allocation measure by which production enterprises are to obtain approval letters by submitting tender, and make public the relevant procedures.

Many comrades pointed out that not only do we have to pursue an economic structural reform, but also speed up the political structural reform. A woolen mill in Shanghai reported early this year that it could not fulfill the contracted quota. As a result, they recruited a factory director, and then finally the mill fulfilled the production task for the whole year earlier than planned before the end of the year. Recently, the Shanghai municipal government determined and announced that any factory, which is unable to offset some of the factors for the price increase of raw and processed materials, or unable to fulfill the foreign exchange quota by exports, is in principle required to exercise the system of recruiting factory directors. This kind of reform impels 98 percent of the enterprises in the whole municipality to actively fulfill the contracted quota without using up any money from public finance.

Tong Dalin on 'Irreversible Trend' of Reform

HK2712043388 Hong Kong WEN WEI PO
in Chinese 18 Dec 88 p 2

["Special Dispatch From Beijing" by Hu Shaoan (5170 1421 1344): "Reform Is an Irreversible Trend in China—Interview With Tong Dalin, Chairman of the China Society for the Reform of the Economic Structure"]

[Text] Beijing, 17 Dec—The 18th of November this year marked the 10th anniversary of the convening of the 3d plenary session of the 11th CPC Central Committee. Activities in various forms and on various scales were launched here to mark this historically significant conference. At the first meeting of the committee for soliciting reportage contributions on the subject, "the trend in China," held this morning, Tong Dalin, a seasoned economist and chairman of the China Society for the Reform of the Economic Structure, who was invited to attend this meeting, said: Experience in the 10 years of reform starting with the 3d plenary session of the 11th CPC Central Committee, shows that reform is an irreversible trend. It is like a swift river flow rolling toward the east that cannot be turned back.

A Bumpy and Rocky Road in 10 Years of Reform

Tong Dalin said: This 10 years of reform and openness was a really bumpy and rocky road, with a series of frustrations. In an interview with me following the Dragon Boat Festival last year, the editor in chief of the U.S. TIME magazine asked: "Is China's reform likely to stagnate?" "Is it still necessary to carry out the reform with great care?" "Why have you stopped writing your articles on economic matters?" I told him: I have just returned from Yueyang. The sight of the dragon boat race there reminded me of Chang Jiang. The tumbling flow of Chang Jiang in all weathers is irreversible, it moves toward the east no matter what. Reform in China is moving forward in exactly the same way.

In an analysis of the reasons why reform is irreversible, Tong Dalin considered that there are the following four relatively important factors:

1. Peasants represent an important force that upholds reform. The 10 years of reform have brought actual benefits to the Chinese peasants. The peasants have encountered many difficulties. But if anyone suggested that the 700 or 800 million peasants return to the system of the people's commune, they would not agree. No political party or even a person of exceptional ability could overlook the tremendous force from the countryside.

2. A large number of entrepreneurs have come to the fore. Tong Dalin said: Whether they should be called an "entrepreneur segment" is a matter that can be studied. But it must be admitted that the entrepreneurs that have proliferated will become leading figures on the stage of

history. Quite a large part of the social wealth is created by enterprise circles. It is obviously impossible not to carry out reforms if we want the entrepreneurs.

3. Some "star cities" that have emerged in recent years are not just open coastal cities. They also include some inland cities that have come to the fore in recent years. They have made a start by carrying out reforms. Their contributions to the economy are remarkable. (Total industrial and agricultural output value of the three cities of Suzhou, Wuxi and Changzhou surpassed 100 billion [yuan] this year, Tong Dalin revealed.) It is inconceivable to have them restore the old system.

4. There are a large number of theorists, writers and artists. Tong Dalin said that they are linked to reform, sharing the same breath and the same fate. They are most keen on reform. Despite numerous storms in theory, literature and art circles in recent years, everyone has achieved something.

Do Away With the "Stalin Pattern"

Tong Dalin pointed out that the old pattern borrowed from Stalin has plagued China for several decades—with its high degree of concentration, the imposition of mandates, and so forth. It was the 3d Plenary Session of the 11th CPC Central Committee that theoretically encouraged people to smash the old system and to vigorously develop a socialist commodity economy. It opened up a new path to reform by upholding the spirit of emancipating the mind and seeking truth from facts. He considers that it is the very reform in China over the 10 years that has enabled the country to be gradually restored from the old "the Stalin pattern" to Marxism in its real sense; to vigorously develop a commodity economy and realize modernization according to Marx's original idea.

As to the situation confronting China in reform, Tong Dalin admitted that many difficulties are involved, with complicated conditions. But as long as the methods of launching a political movement are not applied to the economy, it is possible to extricate the country by relying on the emancipation of the mind to find a solution.

Tong Dalin said to those present: We must not be oversensitive. There are many interpretations of the situation. But one thing must be affirmed, the situation that started with the 3d Plenary Session of the 11th CPC Central Committee cannot be reversed.

Su Shaozhi Interviewed on Economic Reform
HK2712130488 Hong Kong WEN WEI PO
in Chinese 26 Dec 88 p 1

[Special Interview" by Ho Ching-lien (0149 3237 3353):
"Deep Thoughts on Reform—An Interview With Professor Su Shaozhi Part One"]

[Text] In the first ten-day period of November, our country's famous scholar Su Shaozhi returned home from lecturing abroad including Britain and had a brief

stay at Shenzhen. This reporter asked Professor Su Shaozhi for advice on the trend of China's current economic reform and related issues. Professor Su, who has the reputation of being openhearted and upright and speaking boldly and bluntly, once again frankly stated his views and worries about the domestic situation without reservation. Now having rearranged my notes, I offered his views to the readers here.

Ho: In the present-day world, reforms in socialist countries are in a delicate stage. May I ask you Mr Su, what are your views on the matter?

We Should Refrain From Just Conducting an Economic Reform

Su: As I see it, economic reform in a socialist country should be combined with political restructuring, ideological upgrading, and man's remoulding. Concentrating on economic reform to the neglect of reforms in other fields of endeavor will inevitably give rise to problems. Especially in a country which has been long under the feudal authoritarian rule like China, the old vestiges and the small-scale peasant economy still have a considerably great influence. Mr Lu Xun said: Many things alter upon introduction to China. In my opinion, this is where things precisely stand. In structural terms, ours was formerly a state of peasantry and it is therefore very difficult to build socialism. As such, my basic view is that it is possible for a socialist country, with a low level of productive forces and in the absence of socialized large-scale production, to win victory in its revolution. However, it is impossible for it to carry out socialist construction to fruition. Therefore, of many problems facing us, the most important one is to develop productive forces, raise people's cultural and educational levels, reform the political structure, and eradicate the vestiges of feudalism. In the past we failed to address these problems. Instead, we only stressed changing the relations of production and concentrated on pursuing the form of large in size and collective in nature and on high growth rates, thus committing the mistakes that many socialist countries had made.

Ho: What you have mentioned above involves a question of social change being conditional to the change in humane [ren wen 0086 2429] factors. Now would you like to discuss your views on the productive forces criterion currently in vogue?

Productive Forces Need a New Definition

Su: I maintain it is all right to stress the productive forces criterion but what the term productive forces should be redefined. In my article, published in the February issue of GUANGZHOU YANJIU [GUANGZHOU STUDIES] of this year, on the question of productive forces, I wrote: Productive forces cannot be summed up in summary fashion into GNP [in English as published] (gross national product) or national income. It is the result and

not the goal of productive forces. Even capitalist countries do not use productive forces as a measurement criterion. The measurement criterion they advocate is "life quality." As I see it, productive forces should include both objective and subjective conditions. Objective conditions refer to science and technology, production tools, and targets of production. Man's subjective condition is his quality. To bring his capacity into play, among other things, it is necessary to enable man to genuinely become man. This idea was long ago stated by Marx. If man is viewed as a tool rather than the master of society, his enthusiasm cannot be mobilized. Man's quality is directly connected to his cultural and educational levels. If stress is exclusively put on changing production techniques to the neglect of these things, man's quality cannot be improved as a result. From this I see that there is a great hidden danger in China's reforms. To put it another way, if education is neglected, the consequences will be too dreadful to contemplate. Now 23 percent of China's population is illiterate. It is said that illiteracy is increasing. The fact that the ratio of university students per 10,000 people is very low is anything but reassuring. This being the case, if we still fail to address this problem, we will lose our future, because man's low quality and low educational level constitute a huge impediment to the development of production forces. What worries people most with regard to the question of education, is that our leaders do not plan for the long term. They have not realized the importance of education to society and to the survival or extinction of the entire nation. When it comes to education funds, in fact, so long as we make some effort to practice frugality, we will come up with sufficient funds for that purpose. The past indoctrinating and force-feeding methods of education have proved to be a failure on the whole. Therefore, it is necessary to stress the change in the substance of education. In my view, we should place stress on how to approach productive forces rather than regarding the development of productive forces as socialism's main method and task. Talking about developing productive forces by neglecting man is considered ridiculous in the West. A member of the program-formulating committee of West Germany's Social Democratic Party said to me: If the development of productive forces is viewed as that of science and technology, then what is the difference between capitalism and socialism? At least the question of man's equality must be included in this regard.

Ho: In the West, a developed commodity economy has brought about freedom, equality, respect for human dignity, and the legal system guaranteeing all these things. In China, the commodity economy which developed considerably during the Ming and Qing Dynasties has never produced these liberal laws. Where do the reasons lie as you see it?

An Instance of Abnormal Commodity Economy

Su: In my opinion, first of all, this is because China currently stands at the primary stage of commodity economy. The problems cropping up during this period

were also witnessed by capitalism during its early stage. Second, our current commodity economy is an abnormal one. It is a feudalized commodity economy. In the West, the development of commodity economy led to the Renaissance and the Enlightenment, and then to the discovery about man. Among other things, commodity economy means equality. Although such equality is conditional and can be said to be equality based on money, in the final analysis, it destroyed feudal privileges and smashed the system of oppression of Middle Ages. However, in China the feudal forces were too strong. The feudal forces and the privileged made use of and feudalized commodity economy. This being the case, our commodity economy cannot develop rapidly to the stage of capitalism. By capitalism here, I mean a big expansion of production. And the development of our production is therefore lopsided. The various unhealthy practices and structural errors cropping up in our economy have to do with this lopsided production development.

Su Shaozhi Views Reform in East, West Context *HK2912043188 Shanghai SHIJIE JINGJI* *in Chinese 5 Dec 88 p 14*

[Article by reporter Zhang Weiguo (1728 0251 0948): "Su Shaozhi Looks at China's Reform in the Context of Reform Waves in the East and West"—first paragraph is SHIJIE JINGJI DAOBAO introduction]

[Text] In a previous issue of this newspaper, we published part of an interview with Mr Su Shaozhi on understanding contemporary capitalism anew. We will now publish some of Mr Su's views on the ongoing reforms in the Soviet Union and Eastern Europe and on the current situation in the country.

Although It Plunged Into the Reform Current Later Than Others, the Soviet Union Might Overtake Them

A trendy area of studies for scholars are comparative studies of the Chinese and Soviet reforms. During his visits abroad, Mr Su participated in two conferences on similar topics. He said: At the outset, most Western scholars participating in these conferences maintained that China's was more promising than the Soviet reform. However, since the 19th CPSU National Congress, the Soviet Union has moved ahead of others in ideological liberalization and in the reform of its political structure. Western scholars think that after learning from China and Eastern Europe's reform experience, it might overtake them. However, their lines of thinking regarding the reforms are still rather unclear. Gorbachev's "Glasnost and Perestroika" are still based on Lenin's teachings, perhaps out of strategic need. However, there is still the danger of the dogmatic principle of "whatevers." In addition, Soviet society as a whole has only a very weak sense of commodity. At present, there are still people who think that a commodity economy is

nothing but an enterprise of Jews, who are victims of discrimination. Therefore, their development of a commodity economy is beset with difficulties that cannot be easily overcome.

If China Does Not Heighten Its Vigilance Against Corruption, Its Reform May Come to Nothing

"China's most serious problem is corruption all the way down the hierarchy." This has recently become the most frequently discussed problem between foreign scholars and Mr Su. Mr Su suggested that corruption is closely related to the low degree of ideological liberalization and the dislocation of the political structural reform. "Starting from the year before last, I have been critical of the privileges mentality. If we are not vigilant in our reform, corruption will destroy it." He also pointed out: The current prices increases are not completely caused by inflation. They are also caused by speculation by privileged people. We must never overlook this. Of course, to fundamentally solve this problem, it is necessary to make the economy market-oriented and to bring about political democratization. The diversification of interests in society will necessarily be followed by political pluralism. However, this is a gradual, developmental process and cannot be accomplished overnight. At present, we should first solve the problem of innerparty democracy.

An Urgent Task at Present Is To Adjust Our Thinking to Modernization and Democratization

Mr Su said: Reality has shown that the thinking of the Chinese people can no longer be unified under the ideas of traditional classics authors. At present, the worst thing is that there is not a single common goal with which to mobilize people. If China seeks development, naturally it must have a common goal, which would be modernization and democratization. Now, it is impossible to revert to Marxism or a particular doctrine. Su also maintained: Much has to be done before we can reconstruct Marxism as it is. At present, this cannot be done. An urgent task now is to unify people's thinking on the basis of modernization and democratization.

He told me that while traveling abroad, he met a South Korean professor, who had told him about an idea in his country: "What four small dragons. East Asia is a dragon, which is South Korea [sentence as published]." Their slogan is "South Korea is No 1." Although people may not easily find this acceptable, the fact is that South Korea's shipbuilding industry is the world's No 1. Their government officials are very different from ours. They are not allowed to smoke imported cigarettes or ride in imported cars. They did not transmit color television signals until recently....the entire nation is imbued with the spirit of striving for progress under the pressure of imminent crises.

The government must report the actual situation to the people if the country's current crisis is to be resolved. Mr Su greatly emphasized this point. The reform commands a cost. Foreign scholars think that we did not pay enough attention to this problem in the past. Many Western experts have told me that the worst thing about socialism is excessive demand in a shortage economy and the growth of demand on the basis of this. Government and leaders of socialist countries never bothered to tell their people the actual situation. In addition, there are no long-term practices and they tend to make too many promises in the course of their reforms. For example, a leader might personally reassure the people that the living standards not only will not decline, but will improve. Actually, reform is a very difficult process and this promise cannot be fulfilled. In addition, this would not do the reforms any good. They should really frankly tell the people the whole truth. On the basis of this, leaders should also play an exemplary role by giving up their privileges. Gorbachev has done this. In addition, it is also necessary to make things, everything, public, so that the people will believe that the government really wants to make the reform a success and is really working toward modernization.

The Reform Should Bring About Social Mechanisms for Converting Currency Into Capital

"China seriously considers Erhard's experience in directing reforms in Germany. Of course, Erhard played an important role. However, a fundamental thing, some West Germans told me, was that the German people had accumulated much development funds in 3 years in spite of the difficulties they experienced. Otherwise, not even the best policy could have helped." Mr Su's remarks are in sharp contrast with the present short-sighted practice of "making some quick money and leaving the scene" and the doomsday mentality of devouring everything and spending all of one's money as quickly as possible.

Wang Yizhou pointed out: The problem is that our system cannot convert the money accumulated into capital. Many individual householders still feel ill at ease even if they have made money. They have misgivings about reinvesting their money and expanding reproduction.

Su pointed out: Without this conversion, a society would not develop. Unlike businessmen in general, enterprisers have long-term goals and practices. They try to innovate, accumulate, and want to be "automobile magnates" or "oil magnates." Only with such sustained development can society make progress.

"How should the country establish mechanisms for converting accumulated funds into capital" this reporter asked?

Mr Su replied frankly: "To be exact, we should go for and allow privatization and allow people to own shares and become capitalists." Wang Yizhou added: Capitalists are nothing but capital personified. They convert

currency into capital. A Hungarian scholar frankly suggested: So long as socialism does not put state political power in the hands of monopoly capitalism or permit it to become absolute monopoly in economic life, it can permit monopoly capitalism to do anything. Although the Hungarian reform is beset with crises, there are still hopes, which are economic privatization and political pluralism. These are consistent with the productive forces criterion.

The Thing That Has Left the Deepest Impression on Him Since Returning to This Country

This reporter asked him what had left him with the deepest impression since his return from his 7-month visits abroad? His answer was price increases and, in particular, the distortions. He pointed out in 1982: "The price level is not the most important question. The most important thing is the relative prices." Although some people have criticized him as advocating inflation, he insisted: "When relative prices are distorted, production will be disrupted, and only accurate relative prices are in keeping with the law of value." The distortions are brought about by feudal privileges. People with power and influence use commodities to make money, thus giving rise to power capital, which is the same as what was referred to as bureaucratic capital in the past. This is very bad. Today, prices in the country are completely distorted and people are ridiculously eager for instant benefits.

Su Shaozhi said: Prices in Yugoslavia go up very rapidly. However, there is no unrest. The reason is that their interest rates are realistic rates [xian shi li lu 3807 1395 0448 3764] linked to inflation. However, ours are not. In South Korea, the present interest rate is about 30 percent [figure as published]. Therefore, the reform of our financial and banking system is a must. However, whenever we do anything, we always stress political advantages. Prices cannot be kept down by orders and prohibitions. They are a product of economic activities. Therefore, it would be rather ridiculous if the state promises to keep prices stable by keeping their rate of increase at a certain percent. In the final analysis, the best way is to act in accordance with the law of value.

Central Authorities View Civil Affairs Problems *HK2912093188 Beijing ZHONGGUO XINWEN SHE* *in Chinese 0933 GMT 17 Dec 88*

[Report by Wang Xiaohui (3769 2556 2547): "Cui Naifu Says People on Relief in China's Urban and Rural Areas Will Have Enough Food and Clothing in 5 Years"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 17 Dec (ZHONGGUO XINWEN SHE)—Chinese Civil Affairs Minister Cui Naifu said today: People who are still on relief in China's urban and rural areas will have their problem of food and clothing solved in the next 5 years.

Those receiving relief from the civil affairs departments are chiefly old people who have neither children to support them, nor relatives to help them, nor economic incomes and those who have lost their capacity for labor. A department head in charge of disaster-relief and other relief work in the Ministry of Civil Affairs told reporters that there are several million people like this in China.

The Ministry of Civil Affairs is a Chinese Government department dedicating itself to solving social problems. When talking about the situation faced by the ministry at the Ninth Civil Affairs Conference, which opened today, Minister Cui Naifu said: In the future, the poverty of some people will still be a long-standing social problem. For some time, the gap in life between different localities and individuals will not narrow but will further widen. Moreover, the arrival of the "white hair" tide at an early date has made the problem of old people increasingly conspicuous. The problem of low pensions for the disabled or for the family of the deceased and little relief funds as a result as well as price adjustments and the rising living index has also become even more conspicuous.

In the past 5 years, over 200 impoverished counties throughout the country have received key support and nearly 20 million impoverished families receiving the support have successfully got rid of poverty in 1 year; on a variety of occasions, 4 billion yuan of disaster-relief funds and 1.2 billion yuan of relief funds have been distributed to 340 million recipients, some receiving aid more than once; and, with 500,000 disabled people successfully finding jobs, all the disabled people with the capacity for labor in big and medium-size cities have basically been employed. However, Cui Naifu still said: In launching civil affairs work, there are still many difficulties, such as insufficient operational funds for civil affairs work and too little relief funds and pensions.

Premier Li Peng is also aware of the above-mentioned difficulties. When having a group photo taken with the conferees together with Qiao Shi and others today, he said that the civil affairs work is still a very difficult task today. Where is the way out? Li Peng said: With the constant development of the national economy, the state's financial input will increase. But this is only one aspect. In solving the difficulties in civil affairs, it is necessary to walk on two feet. Another aspect is that we should carry out social insurance and use social forces to set up social security.

Circular Advocates Increased Legal Education *OW2512032388 Beijing Domestic Service* *in Mandarin 1030 GMT 21 Dec 88*

[Text] The Propaganda Department of the CPC Central Committee and the Ministry of Justice recently issued a joint circular calling on all localities and departments throughout the country to publicize legal knowledge by spreading education on laws and regulations.

The circular said: In order to ensure the successful implementation of the party Central Committee and the State Council's plan to improve the economic environment and rectify the economic order, legal education should be conducted in departments at different levels. Cadres at the county, regimental, and bureau level should earnestly study the 16 laws and decrees including the Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People, the State Council's circular on curbing fixed assets investment projects under construction, curtailing the scale of investment, and adjusting the investment pattern, and the interim regulations on banking administration. Ordinary cadres, staff members, and workers should selectively study the relevant parts of the 16 laws and decrees, depending on the requirements of their work. Private industrialists and businessmen in both urban and rural areas should concentrate on studying the Interim Provisions of the People's Republic of China on Private Enterprises, the Interim Regulations Governing Private Businesses in Urban and Rural Areas, and other relevant laws and decrees. Rural cadres and masses should concentrate on studying the State Council's decision that only state enterprises are authorized to deal in chemical fertilizer, farm insecticide, and plastic sheets for farm use, the decision on strengthening grain management to stabilize the grain market, and other relevant laws and decrees.

The circular said: Legal education should focus on leading cadres at or above the county, regimental, and bureau level. An examination should be held at the end of a study session to ensure study quality. This system of assessing legal knowledge should be made a part of the administration of cadres.

Commentary Discusses Role of Journalists
OW2612053188 Beijing ZHONGGUO JIZHE
in Chinese No 11, 15 Nov 88 p 1

[Monthly Commentary by Wang Furu (3769 4395 1172):
"A Journalist Should Take the Overall Situation Into Consideration"]

[Text] The communique of the 3d Plenary Session of the 13th CPC Central Committee pointed out: "In order to smoothly fulfill the task of improving the economic environment, rectifying the economic order and deepening the reform, we must pay particular attention to the party's role as the core of leadership and its discipline. We must particularly stress the need to submit local interests to overall interests." This guideline laid down by the third plenary session of the central party committee is of particular significance to the realm of journalism. In order to do a good job in disseminating and implementing the guideline laid down by the third plenary session of the party Central Committee, we must not only give widespread publicity to the concept of taking the overall situation into consideration and to the reasoning that local interests must subordinate themselves to the overall interests, but also commend those

who have sacrificed their local interests for the sake of overall interests. At the same time, the news media themselves must also take the overall situation into consideration. Only by doing so, will it be possible for the media to do a good job in implementing the guideline of the central authorities and carrying out reform and construction.

The news media should serve the overall situation, as they influence the overall situation. The overall situation must be taken into consideration when remarks are made through broadcasting stations and newspapers. That is, a report may dwell on a local issue, but what you recommend or oppose will affect the overall interest, because when people read newspapers and listen to radio broadcasts, they do not regard these reports and remarks as the individual views of an editor or a reporter. They often regard such views as the party and government policy, and use such views to assess the situation, understand the policy or even guide their own actions. All this demands that news reporters be good at taking the overall situation into consideration, using the party's policy and views to guide public opinions, and showing the broad masses how to correctly handle the relations between the local interests and overall interests.

Although the fundamental interests of the people are identical in our socialist country, their specific interests are not necessarily the same, since they belong to different groups, represent different strata, and work in different trades and for different enterprises. If people with different local interests boundlessly enlarge their own interests, they will inevitably harm the overall interests of the state. Under this situation, the new media, must, on the one hand, reflect the requirements of various groups of different interests—a sign of democracy in public opinion—while at the same time, they must guide people with different, specific interests to correctly handle the relations between local interests and overall interests and between immediate interests and long-term interests. We must use the party's policy and state laws and regulations to guide the people and help them understand how to take the overall situation into consideration and to temporarily sacrifice the local interests for the sake of the overall interests. The third plenary session of the party Central Committee has decided to solve the problem of inflation by curtailing capital construction projects and adopting other important measures. On the basis of the local interest, the construction project which you develop may be quite rational. However, in order to solve the contradiction of total demand outstripping total supply in an overall manner, and combat the runaway inflation which affects the entire reform and construction program, it is necessary to sacrifice some local interests by suspending or postponing the development of some construction projects. The reason is obvious.

The objective reality of reform and construction requires that news reporting take overall interests into consideration. This is exactly what journalism is supposed to do.

This is why journalism, for us, is not the career of an individual or a few people, but is the cause of the party and the people. News reporters never constitute an independent interest group. They work for different classes as well as different political and economic systems. When they start publishing newspapers or operating broadcasting stations, socialist journalists do not work for personal fame and gains. Neither is it because the press circles have special vested interests. Their purpose is to benefit the state and the people. This is why Lenin said in his article "The Party's Organization and Publications": "What is the principle governing this party's publications? For the socialist proletariat, a writing career should not be used as a tool for making money for individuals or groups, and should not become a personal career unrelated to the general cause of the proletariat." Lenin explicitly said: "A writing career should become a part of the general cause of the proletariat."

Journalism in China possesses the traits of the eyes, ears and mouthpiece of the party and the people. With such a noble responsibility upon their shoulders, our journalists are required to keep the overall situation in mind, and provide guidance to news reporting accordingly. For instance, when sizing up a situation, they should fully describe the achievements and thoroughly explain the problems, so that the masses will correctly understand the overall situation. When covering the hot issues and difficult spots which the people are concerned about, and when reporting on major policy decisions, they should see how these matters will affect the overall situation, and master the proper limits and timing. When reporting on the experiences gained in the course of reform, they should see whether these experiences and practices are applicable to a particular situation only, or are they applicable to the overall situation. They should avoid unduly popularizing to the whole nation those practices which are confined to particular situations.

Keeping the overall situation in mind is a major requirement for news reporters in compliance with the principle of party spirit in journalism. Party spirit in journalism requires that the party's press units as well as Communist party members engaged in journalism adopt the party's stand, the stand of the party's policy in particular. In other words, they are required to keep the overall situation in mind, and work hard to serve the integral interests of the people. Therefore, the principle of party spirit completely conforms with the requirements of serving the people's interests and of making reforms and opening to the outside world.

To keep the overall situation in mind, journalists should first maintain political uniformity with the party Central Committee. If they have different opinions regarding the party's policy and stand, they are absolutely free to discuss them within the party. If they still remain unconvinced after discussion, they may reserve their opinions and even state these opinions directly to the party Central Committee. However, in news reporting and

speeches, they should do propaganda as required by the party Central Committee, and avoid bringing personal bias and dissenting views into news reporting, let alone substitute the party's policies with personal sentiments. This is a basic requirement and a rudimentary political discipline for journalists.

To keep the overall situation in mind, news reporters should pay equal attention to work in two areas. On the one hand, they conscientiously study and fully understand the party's policy. At present, they should earnestly study the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and truly understand the important measures taken by the party Central Committee to overcome existing economic difficulties. Only after they have gained understanding can they go ahead to convince the masses and explain to them why partial interests should be subjected to the overall interests. On the other hand, they should understand the actual conditions. At present they should be determined to hone up on economic affairs, and, through systematic investigations and studies, understand the overall situation of economic work and the entire process of reform. They should avoid filing hasty reports before they fully understand the events or matter. Otherwise, it would be hard to understand particular events from an overall point of view, or to appropriately reflect the relationship between partial and overall interests.

Wu Jiaxiang on Book About Deng Xiaoping
HK2912092288 Shanghai SHIJIE JINGJI
DAOBAB in Chinese 5 Dec 88 pp 1, 14

[Article by Reporters Fei Xiaodong (6316 2556 2639) and Zhang Weiguo (1728 0251 0948): "Wu Jiaxiang, Author of Forthcoming Book 'Deng Xiaoping: Thinking and Practice,' Talks About His Book"]

[Text] Having finished reading the final proof of the book "Deng Xiaoping: Thinking and Practice," it occurred to me that perhaps I should visit Wu Jiaxiang, the author, and ask him some questions. As an old friend of this paper, he readily complied with my request.

The first thing I was interested in was how he actually thought of making an analysis of the thinking of a living supreme leader.

Wu Jianxiang said candidly: "First, I regard Deng Xiaoping as the founder of the theory on China's modernization. Second, I feel we should adopt a correct attitude, which is based on understanding, toward the leader. The leader, like ordinary people, should be understood, and there will not be a due shock in our hearts without understanding him. Formerly, we either blindly followed or opposed our leaders, and seldom respected and understood them. I wrote the book in an effort to expound Deng Xiaoping's thinking from an angle of a person who understands him. Second, China's reform calls for an in-depth theoretical guidance, a Marxist ideology integrating with Chinese people's

immediate and long-term interests and complying with modern ideas. We cannot ignore the strenuous exploration made by Deng Xiaoping in this respect." He added resolutely: "Again, we must hold in check the attempt to misrepresent Deng Xiaoping's thinking, no matter if it is from the Left or Right, and on purpose or inadvertently. Any distortion will deprive the thinking of authority."

The author devoted one chapter to discussing the famous "cat theory." I think, if we wish to compare China's reforms with the Soviet Union's reforms, and Deng Xiaoping with Gorbachev, it may be comparatively significant to do so by comparing the "cat theory" with the "new thinking."

"The 'cat theory' is superior to the 'new thinking,' We Jiaxiang said in earnest, smiling. "The 'cat theory' is a kind of methodology. Any systems and ideas, no matter what they are, are assimilated so long as they prove efficient in solving China's problems. This method may not be the best, but the better one can be found through repeated efforts.

"It is premature to compare Deng Xiaoping with Gorbachev at present. Deng Xiaoping and Khrushchev, who came into power in the wake of Stalin, are of the same generation, but he is far superior to Khrushchev in various aspects ranging from the method of thinking, the art of leadership, to the thoroughness of thinking. But a great man, a statesman in particular, cannot go over history. He must first meet the historical requirements, while the latter change. Therefore, historical figures have historical limitations. The arena that history is providing for Deng Xiaoping is much smaller than it did for Mao Zedong. He and Mao Zedong are also of the same generation. He does not choose to break with everything Mao Zedong did, seek unity of thinking through administrative means following Mao Zedong's example, coercively negate the past (this practice has proved ineffective), or put forward a viewpoint or a method unacceptable to the majority of the party. While we should not demand too much of the founders of the People's Republic, we should think more of our duties.

"As to the Soviet Union's reforms, they are now only in the same stage as we were soon after the 3d Plenary Session of the CPC's 11th Central Committee, when discussion on the "two whatevers" and the criterion of truth was under way, a stage for preparing the reform politically and ideologically. They are far from the position we are now in. The Soviet Union has not yet introduced agricultural and enterprise reforms, let alone the reform of property rights. However, they have come up with the danger of price hikes, and the Political Bureau met twice to discuss the problem. If they indulge in contention about the reform and do not institute economic reform immediately, the reform will get bogged down in a stalemate of "no war, no peace," and will not win the real support of the masses.

"There is a major difference in China's and the Soviet Union's reforms. The Soviet Union is trying to solve the economic problems as moral and political problems. They will meet with more difficulties this way. When the debate turns into a movement of lips, nothing will result.

In case the country is hit by a recession, the reform will suffer at the base. China is trying to settle the ideological and political problems by changing them into economic problems so that there will be no room for dogmatism, which can in no way solve China's economic problems. China's reforms do not stem from intellectuals' intuitive knowledge, but are the outcome of hunger. The rural reform has solved the hunger problem in the first place.

"The problems with China's reform lie in excessive promises at the initial stage, and our failure to differentiate the stage when we aroused the masses from the stage when the reforms are developing. The urban residents only noticed the substantial benefits the rural reform brought to peasants to the neglect of the latter's arduous labor. They thought the reform would meet the stomach's demands in the first place, and expected too much of the reform, while we failed to provide timely guidance for them. With the deepening of the reform, that is, when we are tackling crises rather than solving the problem of hunger, all kinds of social problems appear. We should rely on more labor, instead of excessive promises, to settle these problems. We should mobilize the broad masses to take part in arduous modernization with great creativity and enthusiasm, and this, I believe, should constitute the sign marking the substantial stage of the reform. At present, we have only liberated consumers (given them enough food) and intellectuals (given them the freedom of speech), but the former is not backed up by more labor, and the latter by more profound thinking. In the next step, we should work with "both our hands and brain." If the reform does not shift to this process as soon as possible, the situation will become more precarious."

"The reason for the crises with which we are confronted has something to do with the poor quality people, apart from the mistake in decisionmaking. According to your understanding, how does Deng Xiaoping as a designer of the reform cope with the contradiction," asked this reporter.

"In Deng Xiaoping's view, man's quality is of primary importance. Developing education, science, and technology was his first consideration following the downfall of the gang of four. He really attaches paramount importance to improving the national quality. China's current mechanism was set up in the light of the revolutionary ideals for the last several decades. It is not bad in fact. But why did it degenerate later? Surely it has something to do with the quality of the key members and masses of the country. Therefore, Deng Xiaoping considers the modernization of man as the central task of modernization. Our generation was benefited by the reform of the

college admission system. But for the educated generation, the situation would not have been as what it is. As man is the most active factor, we cannot bring man's various roles into play until we have him equipped. Without good quality, any ideology, sound as it is, will possibly be turned into dogmatism, rather than be understood. The modernized mechanism should be operated and maintained by modernized man."

"Some people hold that the lack of a package plan at the initial stage of the reform is to blame for the current situation in which short-term behavior is rife in society. What do you think of that?"

Upon hearing this problem, Wu Jiaxiang was somewhat excited. "That a package plan should be worked out in the beginning of the reform is a Utopian idea. In a socialist country which has been shackled by dogmatism and orthodox ideas, a transitional period is inevitable. A statesman must be supported and received by the overwhelming majority of the people under the existing conditions, or he will become a waste product and be swept onto the rubbish heap. A statesman must consider first whether his ideas are acceptable to the people of his country. Since "cat theory" and the "feel theory" (groping one's way across the river by feeling the stone at the bottom) value the people's own exploration, they are acceptable to the people and were able to complete the probing process from a conclusion to a prerequisite [as received]. Nobody rejects modernization and expanding the productive forces, but people are divided over the ways and means. A concept of commodity economy was then set forth so that the people would regard this option as their own action and profits. We have no grounds to suppose that the leader himself does not know such a way out, while we should assume that the people do not know such an outlet for the time being, and let them create their option through practice. Of course, it will take time, and the situation is likely to get out of control if we go too fast.

What should we do politically and economically to overcome the current "crises?"

Wu Jiaxiang has pondered such a question. "It is necessary to emancipate man politically, that is, to emancipate the people's minds and shake off the subordinate relationship. Economically, we can attribute all disasters to unclear ownership. Everybody is unsure of tomorrow, and accordingly they spend, eat, and drink as much as they can today. This is mainly because property is not secure. With less and less money invested in production and more and more money used in consumption, it is no wonder that prices rise. The most outstanding problem at present is that the private property right is not secure, while the public property right is confusing. We should try to solve these two key issues if we are to overcome the crises. This also calls for the protection provided by the strong argument in the ideological field."

Toward the end of this interview, this reporter asked Wu Jiaxiang if he would like to have a talk with his hero. He smiled, not saying anything. Words are superfluous when two persons have a mutual understanding and have much in common in their thinking.

Note: The book "Deng Xiaoping: Thinking and Practice," published by Hunan People's Publishing House, is due to come off the press this month.

Deng, Others Send Wreaths for Deceased Comrade
OW2912135388 Beijing Domestic Service
in Mandarin 1030 GMT 29 Dec 88

[From the "National Hookup" program]

[Excerpts] A ceremony to pay last respects to the remains of Comrade Gao Shiqi, a well-known Chinese writer of popular science and exemplary Communist Party member, was held at the auditorium of the Babaoshan Cemetery of Revolutionaries in Beijing on the afternoon of 29 December.

Wreaths were sent from leading comrades Deng Xiaoping, Yang Shangkun, Wan Li, and Hu Qili.

Among those who attended the ceremony were leading Comrades Song Renqiong, Rui Xingwen, Song Jian, Wang Fang, Kang Keqing, Zhou Peiyuan, Qian Xuesen, and Lu Jiaxi. [passage omitted on Gao's biography]

Wreaths were also sent from Deng Yingchao, Song Ping, Hu Yaobang, Wang Shoudao, Wu Xiuquan, Zhang Aiping, Hu Qiaomu, Huang Hua, Yan Jici, Ye Fei, Chen Xitong, Zhao Puchu, Qian Weichang, and Su Buqing, as well as departments concerned.

Zhao Gives Impetus to Shenzhen Reforms
HK2912035588 Hong Kong SOUTH CHINA
MORNING POST in English 29 Dec 88 p 8

[By Lai Pui-ye]

[Text] Communist Party General Secretary Zhao Ziyang paid a quiet visit to Shenzhen last month to provide an impetus to reforms in the special economic zone.

Besides obtaining firsthand information on the zone, the leader discussed reform plans with local officials.

In response, Shenzhen is to speed up drafting new laws, some of which are to be adapted from the Hong Kong legal system.

The special economic zone has found existing regulations inadequate to cope with its rapid economic development, according to a study by a commission of the State Council.

And red tape has stifled the development of Shenzhen—the largest special zone bordering Hong Kong.

In October, the State Council issued a confidential document listing a series of programs to speed up economic reform in Shenzhen.

Earlier, a study of the special economic zone identified frequent political interference and nepotism as some of its problems.

The study also recommended adapting Hong Kong laws to supplement the country's inadequate regulations.

Shenzhen authorities said this week it would take five years to adapt 10 areas of Hong Kong legislation to establish a new economic and social order.

These cover company management, land and property, a stock exchange and trade and market management.

Li Peng, Yao Yilin on Pooling Funds, Budget
HK2812071188 Beijing XINHUA Hong Kong
Service in Chinese 1340 GMT 25 Dec 88

["Li Peng, Yao Yilin Stress the Need of Pooling Funds Appropriately and Strengthening the Concept on Budget"—XINHUA headline]

[Text] Beijing, 25 Dec (XINHUA)—This morning in Zhongnanhai, Li Peng, premier of the State Council, and Vice Premier Yao Yilin met some delegates attending the national meeting on financial work and delivered speeches to them.

Li Peng pointed out: The policy of improving the economic environment adopted by the 3d Plenary Session of the 13th CPC Central Committee has been supported by people throughout the country. Initial results have been achieved over the 3 months since its implementation. In recent months, commodity prices have stabilized, and the prices of some commodities have declined. The work of checking capital construction has been carried out in an all-around way, and a number of construction projects have been suspended. Control has been imposed on the purchasing power of social groups. The work of purchasing grain has been done in a better and faster way than last year. However, there are still many problems, such as a shortage of funds, excessive money supply, large investment in capital construction, large amounts of consumption funds, too fast a production speed, and so on. We still lack a sufficient understanding of the difficulties and protracted nature of the task of improving the economic environment. At present, the central and local financial departments are facing difficulties. While seeing our difficulties, we must also make up our minds to overcome them. We must implement the guiding principle of the 3d plenary session firmly and unswervingly. We should overcome our

financial difficulties through carrying out the activities of increasing production, practicing economy, raising incomes, reducing expenditures, and tapping the potentials in various quarters.

Li Peng continued: Our financial resources are now widely dispersed. In the long run, we should increase the proportion of financial revenue in the national income, and the proportion of central financial revenue in the financial revenue of the state. Ours is a unified country. An economic foundation is needed in order to establish the authority of the state. Without an economic foundation, there will be no authority of the state. He stressed that to increase financial revenue, we should strengthen tax collection. At present, our tax system is not perfect, and our tax management is not strict enough. Evading tax, and arbitrarily reducing or exempting are still very common. Great potential can still be tapped in tax collection work. Governments at all levels must support it. While we are making efforts to improve the economic environment, enterprises must no longer rely on tax reduction, or profit concession. They must focus their efforts on improving business operations, improving product quality, reducing consumption, and increasing economic results. Various localities must re-examine their previous rules and regulations governing tax reduction and exemption.

Li Peng also stressed: We must strictly enforce financial discipline, and strengthen the concept on budgets. After budgets are approved by people's congresses at all levels, they cannot be changed arbitrarily. It is a very bad habit for leaders at all levels to write brief informal notes randomly. This habit must be changed. The State Council must set a good example in this regard. Governments at all levels must support financial work, and be a powerful backing to the financial departments. Li Peng demanded that through improving the economic environment, various financial departments must establish a new system and develop new methods for financial work, which conform with the socialist planned commodity economy.

Li Peng added: In recent years, we have made great achievements in our financial work. Next year, we will face greater difficulties and shoulder a more heavy task in our work. He urged all cadres in the financial and tax departments to study conscientiously, to work hard, to strengthen their confidence, to overcome difficulties, and to make new contributions to improving the economic environment, rectifying the economic order, and deepening the reform.

Yao Yilin said: The financial work meeting has been held effectively. We stress financial retrenchment, because it is a requirement of improving the economic environment and rectifying the economic order. We are now facing great difficulties in our financial work. In the course of financial retrenchment, we must devise a method for solving the problem. During the 10 years

following the 3d Plenary Session of the 11th CPC Central Committee, great changes have taken place in our financial situation. Extra-budgetary funds have increased very rapidly, whereas budgetary funds have increased very slowly. Many taxes, which should be levied upon, have not been imposed. In the future, we must broaden our financial sources. This is needed not only by our efforts to increase financial revenue, but also by our work of establishing a new order of the socialist commodity economy.

Yao Yilin continued: Improving the economic environment and rectifying the economic order means a readjustment, which includes the readjustment of finance and tax. In the course of the readjustment, we must give play to the regulating role of taxes. Our purpose in levying individual income regulatory tax and agricultural, forest and special product tax is not only to increase our financial revenue, but also to change the situation of unfair distribution of social incomes, and to regulate the irrational price ratio of agricultural products. He added: Many people have do not yet know that tax is a very important lever for regulating the economy and balancing social incomes. We must attach importance to the work of financial readjustment, and study the ways for broader sources of incomes, and for increasing incomes and reducing expenditures.

Wu Xueqian, Ding Guangen, Wang Bingqian, Li Guixian, Chen Xitong, and others were present at the meeting.

The national financial work meeting ended in Beijing today.

Li Peng, Others Attend Harbin Food Exhibition
SK2712120888 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 26 Dec 88

[Text] On the evening of 24 December, Premier Li Peng and leading comrades of the State Council and the Central Military Commission visited the first China fair on food products, and went to the Harbin City's exhibition room to view the brand-name, high-quality, new, and special food products on display. (Li Zhongxiao), deputy director of the Harbin City food industrial association, briefed Premier Li Peng on Harbin's food products on display. Premier Li enthusiastically looked at the food products while listening to the introduction, and expressed satisfaction with the exhibited products. When Premier Li Peng stepped out of the Harbin exhibition room, he waved greetings, with a smile, to all working personnel there.

Also present at the Harbin exhibition room to view the exhibition were leading comrades Xi Zhongxun, Jiang Zemin, Song Ping, and Lu Dong.

Remarks on Exhibit

*OW2512182088 Beijing XINHUA in English
1444 GMT 25 Dec 88*

[Text] Beijing, December 25 (XINHUA)—It was imperative for China to adjust its dietary structure and guide its food consumption.

These remarks were made by Premier Li Peng when he visited "the First China National Food Fair" yesterday evening.

The fair, which opened December 16, had presented over 10,000 kinds of food made by 5,000 factories from all over the country.

Referring to the nation's present food industry, Li said that priority should be given to the development of quick food as people are trying to save more time and be more efficient.

He said that, in addition to pig raising, fisheries and poultry farming should be encouraged.

He said that the production of food grain-consuming liquors and beer should be brought under control and fruit liquor brewing should be encouraged.

Tian Jiyun, Others Head Foreign Investment Unit
*OW2512034788 Beijing Domestic Service
in Mandarin 1030 GMT 23 Dec 88*

[From "National Hookup" program]

[Text] According to XINHUA, the State Council recently reshuffled the members of the State Council Leading Group for Foreign Investment to improve the leadership over foreign investment.

Head of the leading group is Vice Premier Tian Jiyun. Deputy heads are Gan Ziyu, vice minister in charge of the State Planning Commission; Shen Jueren, vice minister of foreign economic relations and trade; and He Chunlin, deputy secretary general of the State Council and director of the State Council Office of Special Economic Zones.

Zhou Jiannan is advisor to the leading group.

Tian Jiyun Urges Efforts To Ensure Good Harvest
*OW2812204488 Beijing XINHUA in English
1555 GMT 28 Dec 88*

[Text] Beijing, December 28 (XINHUA)—Vice-Premier Tian Jiyun today called on localities to give first priority to the development of farm production and strive to achieve bumper grain harvests next year.

Speaking at a seminar attended by directors of agricultural bureaus across the country here, Tian said the situation of China's farm production this year is good on the whole.

The rural economy has made new progress and the gross output value continues to climb, he said, with rapid increases in the peasants' incomes.

Although the outputs of grain, cotton and edible oil this year dropped they were better than expected, the vice-premier said.

Tian noted that there are still problems causing farm production to fluctuate over the past few years.

He said farm production must be pushed to a new stage in tandem with the rise of the population and industrial development. "This is a must for social stability and the improvement of the economic environment," he added.

Tian called on localities to strengthen leadership over agricultural production, resolutely implement the central government's policies and provide farm production tools and materials in time for the spring farming.

Fang Yi Relays Deng's Instruction on Education

*OW2912071588 Beijing Domestic Service
in Mandarin 2230 GMT 23 Dec 88*

[Text] According to a report by the XINHUA NEWS AGENCY, Comrade Deng Xiaoping pointed out recently that we must work successfully in solving the problems of education by every possible means, even though it means that, to achieve this objective, we may have to make some sacrifices in the speed of development in other fields of endeavor.

Comrade Deng Xiaoping's above instruction was revealed for the first time by Fang Yi, vice chairman of the CPPCC National Committee, at the first special forum of the Standing Committee of the Seventh CPPCC National Committee, which ended on 23 December.

Fang Yi said: The problem of education is, in fact, a crucial one at present. It is unimaginable that modernization can be achieved without good education and without attaining higher quality for our population. The leading comrades of the central authorities have reiterated this point on many occasions. The question confronting us now is how to carry out Comrade Deng Xiaoping's instruction in our actions.

Li Xiannian Meets Shanghai CPPCC Leaders

*OW2812063788 Shanghai City Service in Mandarin
2300 GMT 27 Dec 88*

[Text] Li Xiannian, chairman of the CPPCC National Committee, and Vice Chairman Wang Renzhong met with the chairman, vice chairmen, and secretary general

of the Shanghai Municipal CPPCC Committee in the (Tanshan) Room of the municipal CPPCC committee building on the morning of 27 December. They held a discussion there to usher in the New Year.

Also present at the discussion meeting were Zhu Rongji, Mayor of Shanghai; Yang Di, deputy secretary of the Shanghai municipal party committee; and Han Zheyi, member of the Standing Committee of the CPPCC National Committee. Xie Xide, chairman of the Shanghai Municipal CPPCC Committee, presided over the meeting. Mao Jingquan, vice chairman of the municipal CPPCC committee, briefed the leaders of the CPPCC National Committee on the work of the municipal CPPCC committee. Vice Chairmen Zhao Chaogou, Xu Yifang, Zhang Ruifang, Yang You and Zhao Xianchu put forward positive views and suggestions on how to build the two civilizations and how to improve economic environment, rectify economic order, and deepen reforms.

Chairman Li Xiannian and Vice Chairman Wang Renzhong spoke near the end of the meeting. They urged the CPPCC committees to actively support the Government in its work, make suggestions, and give play to their role as an organization with many talented people.

Zou Jiahua Meets Petrochemical Plant Directors

*OW2912071388 Beijing Domestic Service
in Mandarin 1030 GMT 25 Dec 88*

[Text] State Councillor Zou Jiahua said in Beijing on 24 December: We must stress safety in production in every field of endeavor. While making arrangements for production, we must truly take into consideration protection of the life and property of the people and the state. Any leading cadre who does not pay attention to production safety is not fit to be in his position.

Zou Jiahua made the remarks at a meeting with plant directors and managers of China's petrochemical industry. He maintained that it is unimaginable that any enterprise with lax enforcement of discipline and poor management can achieve good economic results. Any accident, no matter whether it is serious or not, shows an irresponsible attitude on the part of the culprit for the life and property of the people and the state. Zou Jiahua urged the leaders of China's enterprises to keep firmly in mind that "Safety is advocated for smooth production; and, in production, safety must be maintained."

Speaking of the development of the China National Petrochemical Corporation, Zou Jiahua said: As a basic industry, the petrochemical trade should achieve an appropriate scale and speed of development. Only when it has succeeded in this endeavor can it meet the growing demands by all trades and professions for petrochemical products and provide effective supply to society and the state.

It was learned that, in the nearly 6 years since the China National Petrochemical Corporation was established, its crude oil refinery capacity has increased by 23.5 percent, its gross industrial output value has risen by 56 percent, and its profits and tax contributions have grown by 54.2 percent. This year, its crude oil refinery capacity has reached 104 million metric tons and its ethylene production capacity 1.52 million metric tons. Both are currently ranked among the world's eminent production performances.

Wu Xiuquan at Gathering of Returned Students

OW2512183188 Beijing XINHUA in English
1433 GMT 25 Dec 88

[Text] Beijing, December 25 (XINHUA)—A group of students who had studied abroad and returned to China in recent years met here today.

The get-together took place at the Western Returned Students' Association.

As China opened itself to the rest of the world, the first group of 50 students were sent to the United States on December 26, 1978. Many of them have become senior faculty members in Chinese universities or researchers in scientific institutions. More than 30 of them attended today's meeting.

They recalled their campus life in the United States and exchanged ideas on the country's policies toward sending students abroad. Many suggested that [the] country send more students abroad and improve the living and working conditions for returned students.

Speaking at the meeting were also Wu Xiuquan, member of the Chinese Communist Party Central Advisory Commission and president of the Western Returned Students' Association, and Zhou Peiyuan, vice chairman of the National Committee of [the] Chinese People's Political Consultative Conference.

An official from the State Education Commission said at the meeting that the government policy of sending students abroad remains unchanged.

Mao's Birth Anniversary Observed in Beijing

OW2912065888 Beijing Domestic Service
in Mandarin 1030 GMT 26 Dec 88

[By reporter Liu Jianmin; from the "National Hookup" program]

[Text] Some 15,000 people from all walks of life in Beijing visited the Chairman Mao Memorial Hall today to pay respects to Comrade Mao Zedong's remains on the occasion of his 95th birth anniversary. Wreaths sent from the families of his son Mao Anqing and daughter Li Min were placed in front of a white marble statue of Mao Zedong in the North Hall.

Duan Junyi, Liu Fuzhi, Kang Keqing, and other veteran comrades and Red Army soldiers, as well as Mao Anqing, his wife Shaohua, and his son Mao Xinyu, stood by the crystal sarcophagus containing Mao Zedong's remains and paid silent tribute to him.

People from various circles in the capital also visited an exhibition of the revolutionary exploits of Comrades Mao Zedong, Zhou Enlai, Liu Shaoqi, and Zhu De, as well as a calligraphy show.

Defense Ministry Official on Foreign Contacts

OW2912132688 Beijing XINHUA in English
1243 GMT 29 Dec 88

[Text] Beijing, December 29 (XINHUA)—1988 has seen "three firsts" in exchanges between the Chinese People's Liberation Army (PLA) and the armed forces of other countries.

Last summer, for the first time in its 61-year old history, the PLA sent young officers to study at military academies in Western Europe.

Last fall, for the first time in the past three decades, a PLA leader and a Hungarian army leader exchanged visits.

And in the first foreign relief mission in its history, the PLA sent helicopters to Bangladesh on a rescue mission during a catastrophic September flood.

An official of the National Defense Ministry commented that to study in foreign military academies will help the young Chinese military officers "broaden their vision and acquire new experience." "This," he added, "will facilitate the PLA's modernization and regularization drive."

An increasing number of military academies have been built in China to train the officers of the PLA, which was formerly trained mostly on-the-job, as it were, "learning war from war."

In contrast, the modern PLA's leadership now gives "strategic importance" to peacetime military training.

The Army has also sent hundreds of soldiers, scholars and other military professionals abroad on familiarization tours, or to take refresher courses or attend seminars, and foreign military experts have regularly been invited to give lectures to Chinese military men.

This two-way exchange helps the PLA get to know new trends among foreign armed forces and acquaint itself with new foreign military technologies, according to the Defense Ministry official.

During a visit to Hungary by General Yang Baibing, director of the PLA General Political Department, and the China tour made by Lieutenant General Jozsef

Pacsek, chief of the general staff of the Hungarian People's Army, the two senior officers exchanged experiences in political, military and managerial work.

The visits, while affirming the co-operative ties between the two armed forces, have also heralded the resumption of high-level military exchanges between China and other socialist countries in eastern Europe, the official said.

Chinese military delegations have visited more than 20 countries on the five continents in 1988, military delegations from over 30 countries also toured China during the year.

The PLA now maintains contacts with its counterparts in more than 80 countries, having military attaches in over 60 countries, while more than 40 foreign military attaches are now stationed in Beijing.

These exchanges and contacts have promoted mutual understanding and co-operation in military technologies, the official said.

The visit to China by U.S. Defense Secretary Frank Carlucci in September marked an important event in Sino-U.S. relations.

Carlucci and his Chinese counterparts agreed that the visit gave new momentum to relations between the armed forces of the two countries.

The exchange of visits between high-level military delegations of China and neighboring countries during the past year has helped strengthen bilateral relations and led to an easing of overall tensions in Asia.

A small number of Chinese military personnel and helicopters worked for over two months in Bangladesh last summer, transporting more than 200 government and military officials and 300 tons of relief goods to storm-ravaged areas of the country.

The Defense Ministry official repeatedly emphasized that the guiding principles governing the PLA's foreign contacts are to "promote mutual understanding and friendship, safeguard world peace, and facilitate the PLA's modernization drive."

By continuing to adhere to these principles, the PLA will make even more friends in the coming year, he said.

High Technology Products 'Conglomerate' Formed
OW2512142088 Beijing XINHUA in English
1252 GMT 25 Dec 88

[Text] Beijing, December 25 (XINHUA)—An export-oriented conglomerate aiming at developing high-tech military and civilian products was founded here today.

Addressing the founding ceremony of the China North Industries Group (Norin), Zou Jiahua, state councillor and minister of machine-building and electronics industry, expressed the hope that the corporation would combine military and civilian production and become a competitive conglomerate in the international market.

Norin is a national industrial-trading group comprising 157 munitions factories and civilian enterprises, 37 research institutions, and more than 100 surveying, marketing and supplying units.

Lai Jinlie, general manager of Norin, said that his corporation will give top priority to scientific research aimed at renewing its products.

According to informed sources, some research institutions under Norin are engaged in developing products equipped with laser and used in faint light or darkness.

Tian Ruizhang, deputy general manager of Norin, told XINHUA: "We are trying to upgrade the function of Chinese munitions to the international level of the mid-1980s by the year of 1990."

Norin will also continue to develop civil products including cars, buses, precision electronic instruments, chemicals and household electrical appliance, he said.

"We'll try to improve our marketing services in order to promote sales of our munitions and civil products both at home and abroad," Tian said.

Norin has established trade ties with more than 3,000 foreign traders in over 70 countries and regions and contracted for more than 80 military and civil projects in 15 countries.

Nuclear Power Plant Preliminary Work Ends
HK2912075388 Beijing ZHONGGUO XINWEN SHE
in Chinese 0352 GMT 28 Dec 88

["Preparatory Work for the Construction of a Nuclear Power Plant in Northeast China Completed"—ZHONGGUO XINWEN SHE headline]

[Text] Shenyang, 28 Dec (ZHONGGUO XINWEN SHE)—The long-planned construction of a nuclear power plant in northeast China has now begun. The preliminary preparation work, which has continued for 10 years and involved an 8 million yuan investment, has been completed recently. The construction site has been finally selected, and the feasibility study report has been written.

After a on-the-spot inspection, some foreign experts held that the conditions of the construction site for the Northeast Nuclear Power Plant are up to first-class world standards.

The northeast region is an important economic zone in China. Although electricity production in this region increased by more than 200 percent in the past 20 years and reached 17 million kw, the supply of electric power still could not keep pace with economic growth, and the shortage of electricity became more and more serious. Now, the whole region is short 15 billion kw-hours of electricity.

At present, electricity production in the northeast region relies on coal and hydropower resources. According to the calculation of experts, by the year 2015, the northeast region will need at least a total generating capacity of 80 million to 90 million kw if the economy grows at a normal rate. However, if all hydropower and coal resources in this region are used, the total generating capacity will not exceed 75 million kw, and there will still be a shortage of 5 million to 10 million kw. In addition, some existing coal mines will wither in that period, and no new coal mine has been discovered in northeast China so far. So the energy supply can only rely on nuclear power generation in the future.

Some experts here held that the construction of nuclear power plants in northeast China must begin before the year 2000. By that time, at least one or two sets of nuclear-driven generators with a capacity of 1 million kw must be put into operation; otherwise, power supply in this region will be further strained next century.

Deepening Reform Requires Renewed Understanding
HK2512074588 Beijing RENMIN RIBAO in Chinese
13 Dec 88 p 3

[XINHUA report by reporter Guo Lingchun (6753 3781 2504): "Magazine Sponsors Seminar of Experts To Discuss National Conditions"]

[Text] Beijing, 12 Dec (XINHUA)—The increased deepening of reform has exacerbated the political, economic, cultural and social problems disturbing today's China. The call for a renewed understanding of national conditions has, for that reason, become more urgent. The editorial department of the magazine GUOQING YANJIU [NATIONAL CONDITIONS RESEARCH], which has emerged as the times require, brought together some theoretical and news workers of the capital to discuss this theme on China's future and destiny today.

There was no harm to start with the tortuous road traversed by China in our summing up past successes and failures. A clear line of thinking was worked out in speeches by the participants in the meeting: The catastrophes and disturbances experienced by us were often related to a failure to fully understand and grasp national conditions. Certain problems and turmoils that have appeared in today's process of modernization have also to do with an inadequate study and understanding of national conditions. The unanimous conclusion reached was that to formulate lines and general and specific policies and to provide a basis for strategies, the

strengthening of the study of national conditions is a matter that calls for immediate attention. As to the ways of study and relevant steps, some spokesmen pointed out: "There is still a need to stress the spirit of science." We should make comparisons between China and foreign countries in regard to both the past and the future. Particular emphasis should be placed on the realities of today's world. Several speeches made today are not empty talk. They represent a description and an analysis, with China's real-life urgent problems in mind.

The profound theories, brought to today's free talks on national conditions, turned into something more real and urgent. The experts spelled out deliberations in easy-to-understand language. This is quite in line with the will of the people. An understanding of national conditions is also the keen desire of the people of contemporary China. From this meeting, we can see that the theoretical workers strive to be oriented toward the masses. The mysterious doors that people do not dare to probe are gradually being thrown open. Combining economics with humanities also provides enlightenment to those bent on studying national conditions at today's forum. Certain knotty problems "confined to a circle" "were taken beyond the boundaries of subjects of study" to allow "interpretation which is to the point," with results obtained.

The study of national conditions also inevitably results in an expression of differing opinions. What harm will this do? Actually, at today's meeting, many sang "a different tune." So long as an argument is well justified, it deserves respect. The aim is to stimulate free and rational thinking.

Theoretical workers of the Chinese Academy of Social Sciences, the Chinese Academy of Sciences, the Rural Development Research Center of the State Council, and institutes of higher learning attended today's forum.

Experts Discuss Economic Problems, Answers
HK2712143288 Hong Kong TA KUNG PAO
in Chinese 25 Dec 88 p 1

[Dispatch from Beijing by Kung Shuang-yin (7255 7175 0603): "Experts Write out Prescriptions for Solving Economic Difficulties—Recalling the Symposium 'Retrospects And Prospects: China And the World'"]

[Text] Beijing, 24 Dec—Three readjustments were carried out in the reform in China over the past 10 years. In the face of grim economic situation, some people believe that the reform of the past 10 years was a failure. Some other people think that the present difficulties are nothing, and that it is unnecessary to implement a policy of readjustment. They maintain that we must boldly keep on marching.

We Must Not Return to the Old Planning System

What direction must reform in China follow? The editorial department of JINGJI GUANLI, a magazine run by the Economic, Technological and Social Development Research Center under the State Council, held a symposium "Retrospects And Prospects: China And the World" in the CPPCC Auditorium today, in which some experts in Beijing discussed issues connected with the current economic situation in China. These include: the international environment facing China, economic development in China, the current situation and development of science and technology, culture, education, military, and so on.

All participants maintained: Although greater achievements have been made during the past 10 years of reform, we must not be too optimistic about the it, considering our current situation and the prospects of our reform. Now the prominent problems facing us are: The pressure of inflation has obviously become stronger, corrupted social phenomena have become more and more serious, and people have more and more complaints about unequal income distribution. To solve these problems and ensure smooth progress in the transformation of our economic system, a strategic change is needed. However, we should pay attention to the fact that we should on no account negate the achievements of reform in the previous stages because of the existence of the unstable factors, or return to the previous planning system. It will be very dangerous for us to slip back into the old ways. We can only carry out more reforms to perfect the reform in the previous stages and realize our strategic change.

In his thesis submitted to the symposium, Huang Fanzhang, deputy director of the Research Center of the State Planning Commission, pointed out: Economic readjustment has become a new historical trend not only in our country, but also in the world. Such economic readjustment is a readjustment in strategy and guiding principles. With the progress in economic readjustment in the world and the easing of world tension, a new and comparatively stable world situation has occurred. The improvement of American-Soviet relations, Japanese-Soviet relations and Sino-Soviet relations has produced a great influence over the political and economic situation of the world. What should we do to conform with this situation and develop our economy? This is a new and a great challenge to us.

Price Reform Cannot Be Avoided

Economic inflation occurring after the 10 years of reform shifted participants' topic for discussion to price reform. Chen Yizi, director of the Research Institute of Structural Reform, said: Price reform is a fence in reform which cannot be bypassed. It is always the key to the success or failure of the economic structural reform. It is appropriate to say that price reform is in progress once the reform begins. There is only a difference in

degree. Our purpose in carrying out price reform is to establish a new market mechanism so that the double-track system can be abolished. Of course, reforms in other aspects are also closely connected with economic development.

Participants of the symposium wrote out prescriptions for the current reform in China. One of the prescriptions is for curbing inflation. Liu Hongru, president of the Chinese People's Bank, proposed several measures for financial structural reform in the future. He said: At present, our capability in exercising macroscopic control over finance is weak. There is an excessive issuance of currency, and inflation has become more and more serious. Therefore, in the future, we should do the following: 1) strengthen the central bank's capability in exercising macroscopic control; 2) actively increase savings deposits of the banks; 3) enliven the flow of capital to promote a healthy development of the financial market.

Political Structural Reform Brooks No Delay

Fang Gongwen, deputy editor in chief of GUANGMING RIBAO, stressed that political structural reform brooks no delay. He said: There are many reasons contributing to the current overheated economy, and inflation, such as the influence of the old system, our failure in promptly establishing the new macroscopic control mechanisms, and so on. However, the most important reason for the occurrence of this serious situation is that the party organizations and governments at all levels have lacked democracy in their work, and that we have lacked mechanisms for exercising control over power. The basic solution for the problem is political structural reform. Through political structural reform, the NPC will become the supreme organ of state power, and we will be able to establish a democratic supervisory system over the work of the government, and to develop mechanisms for exercising control over power. Economic structural reform is a complicated and systematic project. We can avoid traversing less tortuous paths only by promoting the democratization of our decisionmaking, so that it will be based on a scientific spirit. The process of democratization and bolstering our scientific spirit in decision making can only be promoted and protected by political structural reform. Otherwise, our reform will stagnate, and the achievements which have been made in reform might even be completely destroyed. Therefore, political structural reform brooks no delay.

Other participants who also spoke at today's symposium included Xue Muqiao, Ma Hong, Sun Shangqing, Wu Mingyu, Gui Shiyong, Li Lanqing, and others.

Vice Minister on 10 Years' Economic Reform
*HK2712151788 Beijing XINHUA Hong Kong Service
in Chinese 0901 GMT 25 Dec 88*

[Report by Yu Quanyu (0827 2938 1008) and Xu Xinhua (1776 1800 5478): "Gao Shangquan on China's Experience in the 10 Years' Economic Structural Reform"—XINHUA headline]

[Text] Beijing, 25 Dec (XINHUA)—Gao Shangquan, vice minister of the State Commission for Restructuring the Economic System, said here today that China's economic structural reform has traversed a 10-year path, has accomplished achievements which have attracted worldwide attention, and has accumulated rich experiences. These experiences can be summarized in 10 points:

First, we should correctly handle the relationship between the policy of improving the economic environment and rectifying economic order and readjustment on the one hand and the reform on the other. We should also promote the optimization of the economic structure and the increasing of economic returns. Second, we should correctly handle the relationship between reform on the one hand and stability and development on the other. The reform should promote stable economic development; and we should not be over-anxious to get results in reform and development. Third, we should correctly handle the relationship between short-term arrangements and medium-term reform targets, so that the reform can be conducted step by step in a coordinated manner. The direction of reform should be firm and unshakable, the pace of implementing the reform should be positive and reliable, and we should fully understand the complicated and gradually advancing nature of reform. Fourth, we should correctly handle the relationships among enterprises, the market, and macroscopic management; and the central link of enterprise reform should be tightly grasped. Fifth, we should correctly handle the relationship between the plan and the market, so that the plan can combine inherently with the market, and development of a planned commodity economy can be promoted. Sixth, we should correctly handle the relationship between microscopic and macroscopic matters, and should conscientiously improve and enhance the capability of macroscopic regulation and control [tiao kong 6148 2235]. Seventh, we should correctly handle the relationships among the state, enterprises, and various interest groups, so that partial interests can be subordinate to overall interests. Eighth, we should correctly handle the relationship between the central and local governments, and should give full play to the two enthusiasms of central and local governments. Practice with too much and too rigid control should be prevented, and breaking up and blocking of local areas should also be prevented. Ninth, we should correctly handle the relationship between reform and the setting up of the legal system, and the new order of socialist commodity economy should be established step

by step. Tenth, the relationship between economic and political structural reforms should be correctly handled, so that the reform can have a better social environment.

This was said by Gao Shangquan at the enlarged meeting of the editorial committee of the large-scale documentary collection, "The 10 Years of China's Economic Structural Reform." This documentary collection has Bo Yibo as its chief advisor, Li Tieying, Xue Muqiao, An Zhimin, Ma Hong, and others as its advisors, and Gao Shangquan as its chief editor; and was published here several days ago.

Gao Shangquan said: At present, the key point should be firmly placed on improving the economic environment, rectifying the economic order, and readjusting the economic structure. The methods adopted in deepening the reform should be adopted in improving the economic environment, rectifying the economic order, and readjusting the economic structure; and readjustment is the key. We should, through the readjustment, cut back demand, increase effective supply, check inflation, optimize the economic structure, and increase economic returns.

Gao Shangquan said: Only when we can uphold the general principles of reform and opening up to the outside world, advocate taking into consideration the general situation, continuously study and analyze the new situation, explore the use of new methods and measures, gradually smooth economic relations, readjust the economic structure, perfect the economic mechanism, and fully and effectively give play to China's economic strong points and potential will a new situation of stable development of China's economy definitely emerge.

Remedies To Balance Supply, Demand Advocated
*HK2912105288 Beijing JINGJI RIBAO in Chinese
5 Dec 88 p 2*

[Article by reporter Xie Zhenjiang (6200 6966 3068): "Tightening Money Supply Should Not Hurt Production"]

[Text] As many localities are tightening money supply and exercising strict control over the volume of credit, the effective social supply, the invaluable golden baby, is hurt, or will be hurt. Although few people have expected this problem, more and more people have gradually sensed it.

This is a very urgent matter.

At present, funds used in economic activities are in very short supply, circulating funds needed for the normal operation of social economy in particular. Consequently, smooth production and circulation are hindered to varying degrees.

That the funds for purchasing agricultural and sideline products are running short is nothing new. Many localities have spared no effort to raise funds, but their efforts are to little avail, because the gap is too large to be filled. Some areas gave the peasants "blank slips" in payment for their grain, cotton, flue-cured tobacco, beet, and flax. The happiness brought to the peasants by the harvest in autumn has changed into worry and dissatisfaction. With the increase in the "blank slips," the unfavorable outcomes will be all the more serious.

The problem of fund shortage is even more outstanding with industrial enterprises. Quite a number of productive enterprises in many places are on the verge of cutting down or suspending their production because they have no money to buy raw and semifinished materials, some newly-built factories failed to go into operation in time, and a few factories producing daily necessities faces a threat of stoppage, though their products are in short supply. Such problems are more keenly felt in some old industrial bases. Some cities are forced to reject any application for loan at the expense of suspending operation of a great number of enterprises. Of course the reason is lack of money.

Some banks have also degenerated into paupers because they have too many difficulties with which to cope. They are not in a position to increase loans to those industrial or commercial enterprises which are crying out for funds; they fail to cash money orders and cheques which keep pouring in; in some places billions of taxes due to the state cannot be transferred, because the banks are in low water; specialized banks also fail to repay "triangle debts" [san jiao zhai 0005 6037 0280] in time; and interbank loan markets exist in name only. At the financial meetings, someone sighed in despair: "It is time to sing The International—'We have to rely upon ourselves for everything we need,' because no one will lend money to us."

Some people may question, how has all this come to pass? This is a question to which even a senior economist cannot provide a clear answer, because it involves many aspects. But one point is certain: China's overheated economy is like a galloping horse, it would hardly survive if we try to bring it to a sudden halt by applying a sensitive brake, namely, by exercising an excessively strict control over money supply.

China's overheated economy was not shaped in a short period of time. The annual growth rates of China's total industrial output value from 1981 to 1985 are 4.5, 7.8, 11.2, 16.3 and 21.4 percent respectively. It dropped a little in 1986, but it came to 17.7 percent in 1987, and it has reached 17.5 percent during January and September this year. The loans for industrial enterprises also grew: 48.74 billion yuan for 1981, 116.5 billion for 1985, and 204.36 billion for 1987. The figure grew further in the first half of this year.

A lot of problems ensue, among which are the inflation caused by excessive price hikes and the outstripping of social total supply by total demand. Therefore, during the next two years, the party Central Committee has decided to shift the focus of the reform and construction to improving the economic environment and rectifying the economic order. Thereby ensuring, first of all, that the price next year is conspicuously lower than this year. This major decision is very correct, but it calls for painstaking efforts to turn it into reality.

It takes time to cool down the overheated economic development. Many problems are protracted ones. We should not expect that all problems will be settled within several months or even overnight by addressing all problems in a summary fashion and indiscriminately, the way we initiated a political movement in the past to seek temporary gratification.

It is necessary to adopt drastic measures to control the volume of investment in fixed assets, curb institutional expenditures, suspend the construction of office buildings and hotels, and sort things out in intermediate links, but we should not strap the state purse strings too tight and too hastily in providing loans for production which is closely bound up with the operation of enterprises.

As for the second half of this year, the government took measures to increase required reserves, and issued state bonds for key projects to industrial and commercial banks, and agricultural banks. The government even demanded that the banks make up for the gap in reserves caused by having the loan targets overfulfilled in the first half of this year at a time when savings deposits dropped due to buying sprees. The above rigid measures, along with the practice of numerous financial companies transferring large deposits to investment in fixed assets, rendered the specialized banks incapable of undertaking the task of extending loans, and further led to an overall strain on credit funds and poor turnover of funds. As a result, they were forced to cut loans for enterprises.

The modern commodity economy owes its smooth operation to the way cash flows. Yunnan used to supply quality leaf tobacco for cigarette factories across the country to manufacture top-grade cigarettes and provide a large amount of revenues to the state. But at present some localities in Yunnan have failed to purchase flue-cured tobacco from the peasants in time for lack of money—the agricultural banks responsible for preparing funds for purchasing agricultural and sideline products have no money to lend, while the tobacco companies which are in dire need of raw materials also cannot afford to purchase flue-cured tobacco from Yunnan, because they have no funds—the industrial and commercial banks responsible for providing funds to industrial enterprises have no money to lend, as well. Similar problems are found in many localities with the purchasing and marketing of other agricultural and sideline products such as cotton, flax, and so on. If the situation persists, the result will be: some peasants fail to sell off

their products, factories have to cut their production for lack of raw materials, goods are in short supply, there is a sharp decrease in state revenues, and the economy falls into a vicious circle.

We should not allow the situation to get worse. In his report delivered at the 3d Plenary Session of the CPC's 13th Central Committee, Comrade Zhao Ziyang pointed out specifically: "To tackle the problem of general demand outstripping general supply, on the one hand, it is necessary to control the swelling of general demand, and on the other, to make great efforts to improve and increase effective supply. Otherwise there will be serious problems in the market supply." We should leave no stone unturned to increase the production of: Agricultural products, textile and other light industrial products, daily necessities, and goods in short supply. If the production of these products are greatly affected by the money-tightening policy, we may succeed in cutting demand, but it is at the expense of hurting effective supply, resulting in a shrinkage of productive forces.

We should not turn back the historical clock, and return to the old times when demand and supply were both at a low level. Then, are there any effective options open to us? Here are some measures for reference:

1. It is necessary to relax the tension surrounding the financial circles and our economic activities. The present tension is man-made to a considerable extent. As soon as a loan shortage is felt, many enterprises vie with one another to withdraw and spend their deposits for fear that their loan quotas will be cut by the banks. The situation will worsen if every enterprise acts this way. Therefore all units concerned should guard against artificially aggravating tension.

2. Properly loosening the money supply which has been excessively tightened. It is necessary to implement the policies put forward when the government decided to exercise strict control over the volume of credit, that is, the supply of funds for purchasing farm products and operating funds for enterprises producing daily necessities must be guaranteed.

3. Adopting further measures to stabilize and increase savings deposits, and recovering banknotes from circulation in more ways. Stepping up efforts to introduce privatization of housing, shareholding and leasing systems, and sales by auction so that the state will have more channels for financing.

4. Taking more drastic measures to curb unnecessary investment in fixed assets, sort out financial companies, and check dealings infringing the state regulations on control over cash. It is also necessary to introduce strict control over the cash transactions in the private economic sector, which carry considerable weight in our economic activities. We should not let things drift.

Experts on Dealing With Inflation Step-by-Step
*HK2412070988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0340 GMT 16 Dec 88*

[Report by Wu Yi (0702 1150): "Expert Says China Should Deal With Inflation Step-by-Step"]

[Text] Hong Kong, 16 Dec (ZHONGGUO XINWEN SHE)—Zhang Zhuoyuan, director of the Institute of Finance, Commerce, and Commodities Economics of the Academy of Social Sciences of China, pointed out that China should deal with its inflation step-by-step rather than adopting radical measures.

These remarks were made at a seminar held here on "the new stage of China's economic reform."

Zhang Zhuoyuan said: The first step in dealing with inflation in China, which is also the most difficult step as well as a key step, is to control the increase rate of prices next year so that it will be much lower than that of this year. In other words, it should be controlled at 13 to 15 percent next year. But it will be very difficult to achieve this. At the same time, he pointed out that there are also some favorable factors. Beginning in the fourth quarter of this year, the focus of the state's macroeconomic policy has been shifted to the implementation of a series of measures, including improving the economic environment, dealing with inflation, and decreasing credit. Thus, it will be possible to curb inflation in certain fields and have next year's price increase rate controlled under 15 percent.

Zhang Zhuoyuan continued: The second step to deal with inflation is to control the price increase rate at lower than 10 percent in and after 1990. As it is necessary to deal with and control inflation step-by-step, as the pressure of inflation accumulated before 1990 cannot be completely eliminated in 1989, even though the monetary issue will be tightened beginning next year, some of the inflation pressure can be gradually eased only after 1990.

Zhang held that price reform will be carried out and price relations will be initially improved in 1990, after inflation is initially controlled. The third step will be initiated in 1994 or 1995. Efforts will be made to eliminate inflation factors so that the price increase rate can be reduced to about 3 percent and the achievements of price reform can be further consolidated and developed.

Zhang Zhuoyuan said we have to pay a price to curb inflation. In this period, both the speed of our economic development and the increase rate of our financial revenue will drop, the improvement of the people's livelihood will be affected, and the unemployment rate will be increased. Thus, dealing with inflation will be a painful task. However, our economic reform, including the price reform, will have a bright future.

State Spokesman Explains Price Policies
*OW2812083588 Beijing International Service
in Mandarin 0900 GMT 21 Dec 88*

[Text] Dear listeners, the commodity price rise around July and August this year has aroused the attention of every family. According to statistics, the national price index rose 16 percent in the first 3 quarters of this year. The sharp price increase was mainly caused by excessive currency issue. In the 3 years from 1985 to 1987, the currency issue increased by 85 percent, while the economic growth and price rise combined was 59 percent. Another cause of the price rise is the demand far exceeding the supply. The rates of increase of the demand in investment and consumption exceed the rate of increase of the national income by 15 percent and 10 percent respectively.

In view of the situation, the state has taken as many as 20 measures to stabilize the commodity prices. The measures include reducing investment in capital construction, controlling institutional purchase, controlling currency issue, readjusting the structure of production, and increasing effective market supply. At present, the price rise has become slower.

Is the stabilization of the commodity prices a complete price freeze? Can China continue its price reform? With these questions, a reporter of this station visited the State Administration of Commodity Prices.

(Sha Xunjiao), a spokesman of the State Administration of Commodity Prices, told the reporter: In order to ensure that the price increase next year is noticeably smaller than the price increase this year and the reform will be deepened successfully, the Chinese Government has taken a series of measures to improve the economic environment and rectify economic order. Recently, it issued a decision on improving price management and bringing the price rise under control. Although the price-stabilizing measures are somewhat mandatory, they are not intended to achieve a complete price freeze. The commodity prices decontrolled in the course of reform in the preceding period will remain decontrolled. The state will continue to readjust irrational commodity prices. For instance, the state will further increase the contract purchase prices for major grain crops, such as rice, wheat and corn, next year. The prices of newspapers and magazines will be properly readjusted. So, the stabilization of commodity prices is not a complete price freeze. Still less is it a halt of the price reform.

The spokesman emphasized: China must continue its price reform. Of course, the price reform will be slowed down a little because of inflation. The measures taken by China to stabilize commodity prices are not contradictory to its deepening of reforms. First, to improve management and stabilize commodity prices is an important content of the task to improve economic environment and rectify economic order, as well as a

step to create the necessary conditions for further deepening reforms in the future. With a disorderly market and too strong a total social demand, the sharp commodity price increase is unbearable to the people, and weakens the public support for the price reform. In such a situation, it is very necessary to take the price-stabilizing measures.

He said: Moreover, price reform not only includes the readjustment of the price structure, but also a change in the price management system. The measures to improve the price management are an important aspect of the reform of the price management system. China is continuing its price reform, but the stress of the reform has changed somewhat. Some measures will proceed at a slower pace.

When the reporter asked whether the present effort to improve price management will affect the realization of the objective of the price reform, (Sha Xunjiao) replied: The objective of China's price reform will not change. The objective calls for the state to gradually control the prices of a small number of important commodities and labor services; and to decontrol the prices of most commodities and labor services, leaving them to be regulated by the market. We should change the pricing system to create a mechanism which meets the requirement that the state regulates the market and the market guides enterprises. It requires a long period of efforts to attain such an objective.

He pointed out: The short-range objective of China's price reform is to solve some conspicuous irrational price problems in 3 or 5 years of efforts, preliminarily rationalize the pricing system, and draw the domestic market prices closer to those of the international market.

The reporter asked: Since China's economic reform is aimed at a socialist market economy, why can't China decontrol all commodity prices?

(Sha Xunjiao) replied: First, I like to explain that the objective of China's economic restructuring is to establish a socialist market economy, but the market economy is different from the pure market economy in Western nations. The market economy in Western nations relies entirely on market mechanism to regulate commodity prices, and the state does not interfere directly. The market economy that China expects to establish is a planned market economy. While fully exercising market functions, it relies on the state's administrative means and planning to balance the development of national economy. The administrative means include direct state control of the prices of some very important commodities that are in short supply for a long time, and the prices of monopolized goods and labor services. Of course, these controlled items should account for only a small part of the commodities as a whole. Moreover,

with the continuation of reform, the part will gradually become smaller. Anyway, to let the market decide and regulate all the prices does not conform to China's reality.

The spokesman said: Let us view the question from another angle. China's price reform has been carried out while the old prices violate the law of value and the relationship between supply and demand, the structure of production is imbalanced, and the inflation becomes apparent. The decontrol of commodity prices and practice of market regulation must be gradual and according to objective economic conditions. If the pace is too fast or too slow, the price increase will be accelerated. For this reason, China's current practice with respect to the price reform is to decontrol some prices and to improve management and tighten control at the same time. Such a practice is necessary in order to ensure a steady economic development and deepen reforms.

Tighter Social Consumption Eases Inflation
OW2412195488 Beijing XINHUA in English
1117 GMT 24 Dec 88

[Text] Beijing, December 24 (XINHUA)—China's attempts to control inflation through tightening up the amount of social consumption are beginning to show positive results.

According to data released by the State Statistics Bureau here today, the social retail volume in November went down 1.1 percent from a month ago to 64.5 billion yuan. The growing rate in the month is the lowest of the year except for January.

Institutional purchasing—a crucial factor in the upsurge of social consumption—also decreased 6.8 percentage from a month ago. But usually November is the month when most institutions and organizations are prone to do a lot of buying.

On the other hand, individual bank deposits, which slumped several months ago, began to climb again last month, with 6.45 billion yuan more on deposit than in the previous month. Analysts of the bureau say that the restored deposits are of great help in stabilizing both domestic markets and the country's money supply.

New Taxation System for State-Owned Enterprises
HK2812024688 Beijing CHINA DAILY in English
28 Dec 88 p 1

[By staff reporter: "State Firms Set To Try Out New Tax Code Plan"]

[Text] The Ministry of Finance plans to experiment with a new taxation system next year for state-owned enterprises in a number of provinces and cities.

The tax reform is being considered against a background of increased enterprise profits, but a decline in the taxes those enterprises are paying to the state.

Under the current taxation system, some state-owned enterprises pay a 55 percent tax on their net income plus a graduated percentage, called a regulatory tax, on their remaining profits, explained a ministry official.

Most state-owned enterprises, however, are operating under a contract responsibility system, which has businesses pay a previously contracted amount of their profits instead of the income and regulatory taxes.

Under the new method, which has already been tested over the past year in Chongqing, Sichuan Province, and several other cities, all state enterprises would pay a fixed percentage income tax. And rather than pay the regulatory tax, each would sign an individual contract for the additional amount they should pay on the remaining profits.

The ministry has not yet decided on the new base income tax rate, the official said. But it will be lower than the present 55 percent.

Another important measure in the tax reform next year would require state-owned enterprises to repay bank loans from their after-tax profits. Now, many enterprises try to reduce their taxable income by deducting their credit expenses from their profits before calculating their taxes.

The official said that the new tax system, including the elimination of tax deductibility for credit expenses, would help maintain state revenues.

PEOPLE'S DAILY reported in its OVERSEAS EDITION yesterday that state-owned enterprises under the central government's budget plan increased their output value by 13.4 percent and their profits by 20.6 percent in the first 10 months of this year compared with the same period last year.

However, the income and regulatory taxes they paid over this period decreased by 5.3 percent.

Under the experiment in Chongqing, state-owned enterprises are being assessed according to a 35-percent base income tax rate plus the additional contracted payment.

In recently-established Hainan Province and Xiamen Special Economic Zone in Fujian Province, which have the authority to determine their own tax rates, state-owned enterprises pay a base rate of 15 percent, the official said.

Contract Responsibility System 'Most Effective'
HK2712045688 Beijing CHINA DAILY in English
27 Dec 88 p 1

[By staff reporter Gu Chengwen: "State Finds Contracts Are the Way to Profits"]

[Text] China has decided that, at present, the contract responsibility system is the most effective type of management for state-owned businesses, according to a senior government official.

According to Chen Lantong, a member of the State Commission for Restructuring the Economy, there are three main points in the contract system. Businesses guarantee to hand over to the state a fixed amount of their profits; they should use a fixed proportion of the remaining profits in technical transformation; and the total amount of these firms' wages are linked to their economic efficiency.

The system has proved successful in most of the country's large- and medium-sized enterprises.

Chen said that the nearly 40,000 industries operating within the state budget had produced 11.5 billion yuan more in taxes and profits in the first 10 months of this year than in the same period last year.

During the 18 months between May of 1987, when the system was popularized across China, and October this year, these businesses increased their profits as much as they had in the five years between 1982 and 1986.

No other forms of reforming such state-owned enterprises have achieved success on such a large scale, said Chen, who also heads the Bureau for Restructuring Enterprises under the commission.

Up to now over 90 percent of state-owned enterprises have adopted the system.

This system has solved many business problems which were impossible several years ago when the state only allowed business firms limited independent power and a share of profits, Chen said.

Competition for management jobs has enabled many capable people or even workers to rise to leading positions in business.

Many poor workers face the possibility of losing their jobs.

The contract system, however, does have some problems, Chen said that some businesses were not well prepared before adopting the system and the government departments just forced the contract onto the managers. This is among the causes of the failure of about 10 percent of the contracted firms.

Another problem is that the current contract responsibility system does not have a mechanism for making up the firms' losses. When the state owned the businesses, the state paid for any losses. That is no longer true. Now, neither the state nor the business itself is responsible; and both lose money.

'Roundup' on Coastal Economic Strategy Advances
OW2812124988 Beijing XINHUA in English
0840 GMT 28 Dec 88

["Roundup: Despite Austerity, China Advances Coastal Economic Strategy"—XINHUA headline]

[Text] Beijing, December 28 (XINHUA correspondent Chen Ming)—China's strategy for economic development in coastal areas has gained notable headway, with more foreign trade and foreign investment in evidence this year.

The strategy, which was put forward by party General Secretary Zhao Ziyang and endorsed by the central government early this year, was recently rated as one of China's 10 top news stories of 1988 by 11 major newspapers.

Tian Jiyun, vice-premier in charge of foreign economic relations, claimed success for the strategy in the first year, and says that "it is still gaining upward momentum."

Government and trade officials cite the following indicators as evidence of the strategy's success:

—China's foreign trade is expected to soar to a record high of around 100 billion U.S. dollars this year—a jump of 20 percent. Foreign trade from January to November alone totalled 87.6 billion U.S. dollars.

—The foreign trade volume is expected to make up about 28 percent of this year's gross national product (GNP) which is estimated at 349.4 billion U.S. dollars.

—By using cheap domestic labor and buying from international markets, coastal areas have been successful in upgrading their processing industries, which use materials and parts supplied by foreign countries. Processing trade increased by 66.7 percent from January to November, doing 25.1 billion U.S. dollars worth of business. Total volume is expected to rise to 27 billion U.S. dollars for the year.

—The improved investment environment has created enthusiasm on the part of foreign businessmen for investing in China. Between January and November, China approved 4,801 foreign-invested projects involving more than 3.80 billion U.S. dollars.

The four coastal special economic zones—Shenzhen, Zhuhai, Shantou and Xiamen—have made efforts to build up the amount of funds that they themselves can

put into the export-oriented economy. The total value of their industrial and agricultural outputs are expected to reach 15 billion yuan by the end of the year.

China's bid to edge its way into international markets by developing an export-oriented economy along the coast now encompasses an area of 320,000 square kilometers which have been declared open for foreign investment.

Known as "China's golden beach facing the Pacific," the areas take in the Pearl and Yangtze River deltas, the southern Fujian triangular area and the Shandong and Liaodong peninsulas. These areas boast a population of around 200 million—slightly less than the population of the Soviet Union and the United States.

But although the overall coastal development strategy is successful, it remains confronted with difficulties such as the worst inflation in almost 40 years, a too-rapid pace of development and an overabundance of large-scale construction projects.

In addition, the current nationwide austerity program seems to have upset foreign investors, who worry that their interests might be affected by the cutback policy.

To reassure them, Communist Party General Secretary Zhao Ziyang, Premier Li Peng and other top Chinese leaders have repeatedly reaffirmed that "China will firmly push forward its strategy for economic development in coastal areas," despite the nationwide austerity program.

Vice-Premier Tian Jiyun said recently that "we encourage foreign businessmen to run more solely-foreign-funded enterprises and invest in China's existing enterprises, as well as run joint ventures introducing advanced technology and management skills.

"The austerity program is in fact another readjustment in the course of developing the national economy. It will create a good environment and conditions to further push forward our opening to the outside world and the strategy for economic development in the coastal areas," he explained.

In return, he said, "smooth implementation of the strategy will help complete the task of improving the economic order. The programs are not contradictory, but complementary."

The vice-premier also assured trade negotiators that China will further improve the investment environment for foreign business people and expand its business ties with foreign countries.

And despite the austerity program, the Chinese Government will increase its spending in such key areas as electricity, coal mines, oilfields, ports, telecommunications, highways and railways.

As an important part of the strategy, Vice-Premier Tian Jiyun urged local governments and related departments to take active measures to achieve a steady increase in exports in 1989.

And as a follow-through, Zheng Toubin, minister of foreign economic relations and trade, called on domestic producers to boost exports of light industrial products, clothing, canned food, arts and crafts and household electric appliances.

Foreign Trade Results, Investments Reviewed
HK2812092188 Beijing CEI Database in English
28 Dec 88

[Text] Beijing (CEI)—An air of spring seems to be wafting through business relations along the once rigid Sino-Soviet border, as 300 Chinese workers in northeast China, are going to cross the border after the new year's holiday to start lumbering as labor services to the Soviet Union.

The air from the east appears equally invigorating with South Koreans tapping China's doors in an attempt to establish footholds in the Shandong and Liaoning Peninsulas for long-term business ties throughout the country.

The Shenzhen Special Economic Zone at the southern tip of China, the nation's first window open to the outside world, has just launched a massive project, an international airport, as a gesture to invite more foreign tourists and investors.

All this shows that China is not closing its door or abandoning the strategy of economic development in coastal areas.

Some areas, such as the Pearl and Yangtze River Deltas, the southern Fujian Triangular Area and the Shandong and Liaodong Peninsulas, are attracting wide attention from foreign investors because of their high quality and inexpensive work force, adequate infrastructural and transportation facilities, and relatively advanced scientific and technological development.

China's new strategy has provided the impetus for improving the existing investment environment for foreign investors and the development of labor-intensive, export-oriented production.

Official sources from government and trade departments say that the strategy has proved effective with the following indicators:

—China's foreign trade is expected to rise by 20 percent to hit about 100 billion U.S. dollars in 1988. It came to 87.6 billion U.S. dollars from January to November.

—Foreign trade is expected to make up about 28 percent of this year's GNP, estimated at 349.4 billion U.S. dollars, of the country.

—By using cheap domestic labor force and the international markets, coastal areas have scored noted success in processing industry with supplied materials and parts from other countries. The processing trade went up by 66.7 percent during the first 11 months of this year over the same period last year, reaching 25.1 billion U.S. dollars. It is expected to reach 27 billion U.S. dollars at the end of the year.

—Foreign business people have shown increasing interest in investing in China as investment climate continues to improve. Between January and October, China approved 4,090 foreign-invested projects, an increase of 175 percent compared with the same period last year. These projects involve foreign investment totalling 3.81 billion U.S. dollars, an increase of 50 percent. Already, some 1.63 billion U.S. dollars have been put to use.

Zhang Ge, deputy director of the Special Economic Zones office under the State Council, said, "Investments from the United States and Japan this year would double last year's figure."

China's 12 economic and technical development zones, all in coastal areas, have so far concluded over 500 contracts involving foreign investment totalling 600 million U.S. dollars. These zones will generate an industrial output value of 2.5 billion yuan and export 250 million U.S. dollars worth of goods this year, both double 1987's figures.

At the same time, the country is also confronted with difficulties and problems—the development pace too fast and construction scale too large. The current nationwide austerity program seems to disconcert foreign investors who worry their interests might be affected by the cutback policy.

The overheated economy has put pressure on the supply of funds, materials, energy and transportation, Vice Premier Tian Jiyun said, "We should focus our efforts and materials on key projects. Priority should be given to those projects which have advanced technology, better efficiency and good export prospects."

However, China will not retreat from its open policy and the government is confident in carrying out the economic development strategy in coastal areas.

Vice Premier Tian Jiyun has assured trade negotiators that China will further improve its investment climate for foreign business people and expand its business ties with foreign countries.

At the same time, trade restrictions have been liberalized. The number of commodities requiring export licenses was reduced by 84 last July by the Ministry of Foreign Economic Relations and Trade.

Industrial Production Down 2.5 Percent in Nov

HK2612054288 Beijing CHINA DAILY
(BUSINESS WEEKLY SUPPLEMENT) in English
26 Dec 88 p 3

[Text] China's industrial production slowed down in November, with a total industrial output value of 108.7 billion yuan. The State Statistical Bureau said the growth rate decreased by 2.5 per cent from the previous month but it was an increase of 17.9 per cent over November 1987.

Production figures last month showed that light industry accounted for 55.5 billion yuan, up 18.1 per cent, and heavy industry amounted to 53.2 billion yuan, up 17.8 per cent.

A breakdown of the country's major light industry products for November showed that the manufacture of televisions rose to 2.39 million sets, up 29.8 per cent; 1.04 million were colour sets, up 50.1 per cent.

Production of washing machines increased 35.3 per cent to 930,000 over the same period a year ago; refrigerators, 780,000, up 81.9 per cent; yarn, 360,000 tons, down 2.6 per cent; synthetic fibre, 500 million metres, up 2.1 per cent; cigarettes, 2.98 million cases, up 6.1 per cent, and beer, 320,000 tons, up 15.2 per cent.

The major heavy industry products showed that steel totalled 4.93 million tons, up 0.4 per cent; rolled-steel, 4.03 million tons, up 1.3 per cent; sulphuric acid, 910,000 tons, up 14 per cent; soda ash, 240,000 tons, up 18.8 per cent; chemical fertilizers, 1.39 million tons, down 3 per cent; timber, 4.72 million cubic metres, up 7.9 per cent; fibreboards, 220,000 cubic metres, up 7.8 per cent; cement, 17.93 million tons, up 10.8 per cent; plate glass, 6.73 million cases, up 27 per cent; motor vehicles, 60,000, up 34 per cent, and small tractors, 89,000, down 2.9 per cent.

On the energy sector, the output of undressed coal hit 83 million tons, up 6.6 per cent; crude oil output totalled 11.62 million tons, up 3.1 per cent; and electric power supply, 45.2 billion kilowatt-hours, up 4.8 per cent.

Investment in capital construction by state-owned businesses in the first 11 months of 1988 topped 110.7 billion yuan, a rise of 16.7 per cent over the same period last year. About 77.2 billion yuan were spent on productive projects, up 22.5 per cent, accounting for 69.7 per cent of the gross investment; and 33.4 billion yuan on non-productive projects, an increase of 5.2 per cent, accounting for 30.3 per cent of the total investment. Among the latter, 12.8 billion yuan was spent on housing, down 1.5 per cent.

By the end of November, 60.6 billion yuan were invested in projects to upgrade existing plant and equipment in state-owned businesses, up 28.1 per cent over the same period last year.

Study Shows Economic Disparities Among Regions
HK2612045688 Beijing CHINA DAILY in English
26 Dec 88 p 3

[By staff reporter Yang Xiaoping]

[Text] A study on China's economic development has pointed out great disparities among the three major regions in the country and has urged a more co-ordinated effort to narrow the gaps in income.

Statistics showed that the per capita gross national product last year was 1,081 yuan in the eastern region which includes Beijing, Tianjin, Shanghai, the seven coastal provinces and Guangxi Zhuang Autonomous Region in the south.

It was 690 in the middle region of the country and 576 in the western region, which each make up nine provinces and autonomous regions.

Shanghai per capita GNP was 4,357 yuan, the highest in China, and almost 10 times higher than that in Guangxi.

The study was jointly conducted by the Department of Regional Economy of the State Planning Commission and the State Economic Information Centre.

Researchers felt there should be greater co-ordination in development and that the richer coastal regions should play a more active role in promoting development in the poorer western and middle parts of the country.

New Mechanism Needed for Rural Development
HK2412055988 Beijing RENMIN RIBAO in Chinese
14 Dec 88 p 2

[Dispatch by reporter Chen Jian (7115 0256): "Du Runsheng Proposes Establishment of New-Type Enterprises Maintaining Contact With Peasant Households and Rural Market"]

[Text] Director of the Central Rural Policy Research Office Du Runsheng said at the inaugural meeting of China Ya Ya Yi Rong [Duck's Down] (Group) Company on 12 December that a new mechanism is needed to develop the rural economy. That is, a number of enterprises that connect peasant households with markets should be developed. This would expose the peasant households to the internal and external markets through agricultural enterprises and bring about their expansion amid market competition.

Du Runsheng said: China's rural reform enjoys a sound mechanism and a sound basis. The sound mechanism includes three things: The first thing is the system of

fixing farm output quotas on a household basis, providing more opportunities for the peasants to get rich. The second thing is rural enterprises, which assume sole responsibility for their profits and losses, and which have demonstrated their strong vitality. We are now in need of another mechanism, that is, a tie connecting peasant households with markets. By a tie, we mean a number of enterprises which connect peasant households with markets so that the peasant households will finally rely on themselves rather than the state or other people for competition and expansion. Relying on the mechanism of putting enterprises at the helm, we can develop chicken, pig, duck, and goose farms as well as export-led enterprises in the coastal regions, so that peasant households can develop economically according to the internal and external markets.

Economists Urge Greater Agricultural Investment
OW2412195088 Beijing XINHUA in English
1200 GMT 24 Dec 88

[Text] Zhengzhou, December 24 (XINHUA)—China must take firm steps to ensure more investment for agriculture.

This was urged by economists and entrepreneurs attending a five-day symposium on China's national economic restructuring, which closed here this afternoon.

They held that China's agriculture has staggered for four years and Chinese farmers are not enthusiastic in growing food grain and cotton because of low prices.

They pointed out that China's national economy and even the stability of the state will be affected unless China's agriculture finds a new way out.

They urged the government to take the following measures:

China should study ways of reforming its land system to get the farmers used to the idea of managing their land from a long-term point of view.

Farmers should be encouraged to engage in intensive and large-scale operations and to develop specialized service companies for agriculture.

The government should continue straightening out the price relations of farm products, especially those of grain, cotton and pigs in order to encourage the farmers to boost their output of these products.

The government should further open agricultural product markets, increase the number of free market products, allow the farmers to sell their products on the free markets after they have sold their contracted products to the state, and promote the exchange and integration of rural and urban markets.

The government should increase investment in farming infrastructure, and support and give preferential policies to industries closely connected with agriculture such as the chemical fertilizer, pesticide and plastic sheeting industries.

More than 100 economists and entrepreneurs attended the symposium, which opened December 20.

Commentary Views Modernization of Agriculture
HK2712065188 Beijing NONGMIN RIBAO
in Chinese 29 Nov 88 p 1

["Reporter's commentary": "Modernization Is the Only Way Out for Agriculture"]

[Text] The only way out for China's agricultural problem is modernization. This rather new idea was proposed by some experts in discussions on China's agricultural development strategy at the National Rural Work Conference.

Viewed from the development strategy of agriculture, a change should be effected from traditional agriculture to agricultural modernization. This is generally accepted by the public. The question now is what does modernization mean and how should we realize modernization in light of China's characteristics.

A certain viewpoint in the past held that modernization was a mixture of mechanization, chemicalization, and farmland irrigation. It now seems that this viewpoint is not comprehensive. An essential indication of agricultural modernization is the application of modern science and technology and corresponding material and energy input, to gradually transform traditional agriculture based on experience into modern agriculture based on science which is characterized by scientization of production techniques; mechanization of production tools; and socialization of production organizations, forming a modern, comprehensive production capacity of agriculture as a whole. It includes an industrial system for farming purposes, a scientific education training system, a basic engineering system, the operation structure of agriculture, and the state's macrocontrol. In other words, in the process of agriculture from factory to farmland and from farmland to the laboratory, besides farming, the factories, scientific research units, and educational departments are also working. Apart from farming and breeding, agriculture includes science and technology, education, industry, and other factors related to the development of agricultural production. Such agriculture will no longer be one of peasants and the peasants will no longer be like those of today. The purpose of such agriculture is to increase productivity fully.

What should the priorities of agricultural modernization be? As the conditions of all localities and countries vary, we should select the priorities in line with local conditions rather than impose uniformity. In countries like the United States, Soviet Union, and Canada, where there is

plenty of land but limited labor, mechanization should be their priority. However, China has a large population with abundant labor but limited arable land. Viewed from the overall situation, mechanization is indispensable. However, priority should be put on water conservancy, fertilizer, and seeds. This is not only a matter of economic results but a measure to solve the problem of limited arable land. Practice has proved that more attention paid to irrigation, fertilizer, and seeds can increase the multiple crop index, carry out intensive farming, effectively increase the yield per unit area, and enable one mu of land to produce the output of two or three mu. This is the only way to accelerate the pace of China's agricultural production.

Why is it necessary to include the scientific and education system in agricultural modernization? The key to increasing the yield per unit area, carrying out intensive farming, and realizing agricultural modernization lies in improving the qualities of laborers. Man is the most active and essential factor in the productive forces. Without laborers, it will be impossible to realize modernization of agriculture. Hence, it is necessary to strengthen education in science and technology and improve the quality of man. We should improve the qualities of laborers and make the most of the large quantity. The large number of people with poor qualities cannot be regarded as an advantage because they are useless. A large number of people with good qualities can be regarded as an advantage only when they are capable. The so-called input in science and technology is actually an input in intellectual resources. Only with such an input can we improve the qualities of laborers, develop labor-intensive products as well as scientific-intensive products, raise labor productivity, and achieve better economic results. Some localities have gained experience in this regard. For instance, the exploitative agriculture and foreign exchange earning agriculture are typical examples in this regard. However, it is noteworthy that the public has not yet acquired a profound understanding and paid due attention to increasing input in intellectual resources and improving the qualities of peasants and the essential role of these two factors in realizing agricultural modernization.

It should be noted that the essential role of irrigation, fertilizer, and seeds stressed in realizing agricultural modernization is not tantamount to a negation of other production measures, the mechanization of agriculture in particular. China has a vast territory and the natural and economic conditions vary in different localities. Irrigation, fertilizer, and seeds stressed here refer to most of the regions throughout the country. As the specific conditions of the localities differ, they should proceed from the actual reality and realistically put forward their own strategy and specific measures for realizing agricultural modernization.

Severe Drought Threatens Agricultural Production
HK2412065888 Beijing ZHONGGUO XINWEN SHE
in Chinese 0628 GMT 22 Dec 88

["Drought in China Poses Serious Threats to Agricultural Production"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 22 Dec (ZHONGGUO XINWEN SHE)—According to the latest information from official sources, there has basically been no rain or snow during the past 2 months in summer-grain and edible-oil producing regions in China, and the temperature has been comparatively high for a long time. Drought in various areas has posed a very serious threat to next year's agricultural harvest next year.

Statistics show that currently 320 million mu of farmland throughout the country have been affected by drought. These drought-stricken regions cover 11 provinces. In the northern part of the country they include Shandong, Henan, Hebei, Shanxi, and so on. Droughts in Shandong have been the most serious and 66 million mu of the province's farmland has been affected. In the southern part of China the drought-stricken regions include Jiangsu, Anhui, Hubei, Zhejiang, and so on. In Jiangsu province, about 70 percent of autumn crops have been affected by drought.

The agricultural situation in China was grim before the occurrence of drought in various parts of the country. Grain production had been fluctuating and cotton production output had dropped by a large margin. Besides this, pig production had also fluctuated. The agriculture problem, and the problem of grain production in particular, has arrested the close attention of the government. Deng Xiaoping has pointed out: "The problem of grain is the main problem in agriculture. If something has gone wrong with agriculture we will not be able to recover from the blow for 3 to 5 years." Chen Yun has also said: "If there is no grain, chaos will occur." At a national agricultural work meeting held last month Vice Premier Tian Jiyun, who is responsible for agriculture, delivered a long speech on the agriculture problem, urging various localities to grasp grain production well.

The State Council recently issued a document "A Decision on Wrestling a Bumper Harvest Next Year," which points out: Vigorously developing agriculture, grain production in particular, and increasing the effective supplies of agricultural and sideline products will play a very important role in curbing price raises and stabilizing the overall situation. The government has decided to properly increase the grain purchase price and the investment in agriculture in terms of funds next year, to enhance peasants' enthusiasm in producing grain and other agricultural and sideline products.

In the face of the urgent drought problem officials from the Ministry of Water Resources and Electric Power urged their subordinate water resources bureaus at all

levels in various localities to take the initiative in coordinating with the relevant departments such as agriculture, finance, goods and materials, electric power supply, petrochemistry, transportation, and so on to promptly and effectively store, supply, and transport goods and materials for combating drought. In the meantime, efforts must be made to give play to the existing water conservancy facilities, and to strengthen unified management so that irrigation to combat drought can be carried out in a planned way.

Various localities are taking energetic action to ensure next year's bumper harvest. Grain production in Hunan Province, which has suffered severely from drought and water-logging, has dropped considerably. The province is currently making vigorous efforts to grasp the project of winter water conservancy and to plant winter crops. The area of winter crops throughout the province has been extended to 6.5 million mu, an increase of 1.3 million mu over the same period last year. By the end of last month winter water conservancy projects which had been completed throughout the province, totalled more than 100 million cubic meters of earth and stones. This winter, Sichuan Province has increased the planting of crops sown in autumn, of which wheat is the main one, by 1.5 million mu over last year.

Regulations Governing Water Conservation Issued
OW2612090388 Beijing XINHUA in English
0631 GMT 26 Dec 88

[Text] Beijing, December 26 (XINHUA)—A set of regulations on water conservation in urban China will go into effect beginning January 1, 1989, according to the Chinese Ministry of Construction.

The regulations, the first of its kind, has been approved by the State Council, China's highest governing body, a spokesman from the ministry told XINHUA today.

According to the regulations, no additional water supply will be available to newly built water works in cities where recycled water in industrial plants is lower than 40 percent of their total consumption.

Enterprises and organizations should apply for permission to use ground water for the water supply projects they themselves build, the regulations say.

City water management authorities will impose a limited quotas on users of either newly built or upgraded water supply projects without relevant quality water conservation facilities, and will order the users to improve the facilities within a set period of time.

The spokesman said urban China faces an acute shortage of water supply with 200 cities being short of 10 million cubic meters a day.

In addition, he noted, water resources are seriously polluted and underground water is overextracted in some cases.

Corn Shipment to South Alleviates Shortages
OW2812085088 Beijing XINHUA in English
0757 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—More than one million tons of maize have been shipped from the northeast to the south of China by December 26 to alleviate serious grain and fodder shortage problems.

For the first time in recent years the giant cross-country grain shipment was completed within two months.

Since last July, natural disasters have plagued the southern parts of China and 26.6 million hectares of farmland suffered declining yields.

According to statistics, grain losses amounted to around 10 million tons, leading to an acute food shortage in disease-stricken areas in the south. Meanwhile there is also a fodder shortage in the areas around Beijing, Tianjin and Shanghai.

In the middle of October, the State Council decided to allocate and transfer a million tons of maize from Jilin and Liaoning Provinces, as well as the Inner Mongolia Autonomous Region, which had a bumper harvest.

The shipping of the maize involved the State Planning Commission and the Ministries of Commerce, Railways and Communications as well as units of the People's Liberation Army (PLA).

The Ministry of Commerce sent its officials to the harvest areas to mobilize the gathering of the grain and the Ministries of Railways and Communications assigned special trains and eight 20,000-ton vessels to ship the maize.

The Navy of the PLA transported 50,000 tons of maize from Liaoning to Zhejiang Province by sea.

As winter began to set in in Jilin Province towards the end of November, the peasants and employees at the provincial departments of communications drove 60,000 trucks and 2,000 tractors loaded with grain over icy roads in snowy weather to accelerate the shipping.

In addition, Hebei, Henan and Shandong Provinces have also fulfilled their tasks of grain allocation for the disaster-stricken areas.

In a related move to alleviate the situation, today's ECONOMIC DAILY reported that the State Council has allocated 150 million yuan as relief funds, which have been transferred to the areas.

Ample Pork in Beijing, Shanghai, Tianjin
OW2912100388 Beijing XINHUA in English
0817 GMT 28 Dec 88

[Text] Beijing, December 29 (XINHUA)—Cold storages in Beijing, Tianjin and Shanghai have built up ample pork supplies for the city's residents in preparation for the forthcoming New Year and Spring Festival celebrations, according to the Ministry of Commerce.

The ministry said that these three cities have 200,000 tons of pork in stock, twice as much as this time last year. It said that some extra warehouses and cold storages have been rented in nearby cities to store several thousand tons of pork.

State-owned foodstuff companies in 11 provinces bought 7.45 million pigs from farmers in November and are expected to buy 10 million pigs this month.

Advanced Technology Applied in Grain Production
HK2512075688 Beijing RENMIN RIBAO in Chinese
13 Dec 88 p 1

[Report by reporter Chen Zujia (7115 4371 3946): "High Technology Has Brought About Captivating Prospects for China's Grain Production"]

[Text] Beijing, 12 Dec—This year many small-scale experiments utilizing biological technology to cross-breed upland nonglutinous rice with glutinous rice has been conducted throughout the country. The results of the experiments have shown that production output resulting from this cross-breeding method is 20 percent higher than the previous triple crossing. The project of hi-tech scheme (363 Scheme) in the biological field has shown us a good symptom of the increase in grain output in our country by a big margin.

A few days ago, some research workers of the 863 Scheme attended the 1988 annual meeting in Beijing to summarize the progress of their research work over the past year. The relevant experts told our reporters: the 863 Scheme is a mid and long-term research scheme with an aim of setting our eyes on this century, following the track of the advanced science and technology of the world, making breakthroughs and blazing new trails at the beginning of the next century. Most projects in the biological field have been completed in accordance with the 1988 plan. This progress has enhanced people's confidence in the new scheme.

Employing the method of integrating gene engineering, cell engineering and normal breeding to produce high-quality, high-yield and disease-resistant new varieties of animals and plants is one of the key projects of the 863 Scheme. In 1988, we have achieved good results in rice breeding. Research workers make use of new methods to breed more than 10 varieties of rice containing a photosensitive nucleus and a sterile gene, which are suitable for local weather conditions. The success has made the

double crossing of rice a dream come true. Next year the experiments will be extended to both provincial and national levels. Next year the method of double crossing will also be applied to several hundred mu of experimental plot.

Research workers have also increased the production output of rice by strengthening the function of photosynthesis. They have succeeded in experimenting on the dissection the gene of a enzyme, which plays a key role in photosynthesis. They have also succeed in artificially compounding the main ingredient—the gene of a subunit. The success of the project has arrested the attention of researchers of the same field in the world.

A gratifying progress has also been made in the study of the functions of a gene of biological nitrogen. The success in the regenerative planting of the protoplast of wheat has also become the focus of attention of research workers in the same field in the world.

The success in the technique of cutting apart embryos of milk cows has enabled us to obtain 200 embryos. When we transplant these in cows, the result will be far better than artificial insemination.

Our research workers have also made use of gene engineering to carry out research on vaccine and medicines for diseases that are difficult to prevent or cure by certain regular means, acute infectious diseases and malignant tumors. It is expected that results can be achieved after 1990.

Ministry Issues Cotton Procurement Circular
OW2512060188 Beijing XINHUA Domestic Service
in Chinese 1433 GMT 20 Dec 88

["Local Broadcast News Service"]

[Text] Beijing, 20 Dec (XINHUA)—The Ministry of Commerce recently issued an urgent circular on doing a good job on the procurement of cotton in the latter period. The urgent circular calls on localities to step up leadership, procurement work in the latter period, and mobilize cotton growers to sell cotton to the state. It calls on localities to conscientiously implement policies on procurement, actively coordinate with banks to solve funds needed for procurement, and repay money owed to cotton growers as soon as possible. As the quality of cotton varies in the latter period, we should strictly implement the state policy and standard on quality of cotton, and step up supervision and inspection of cotton quality. Localities should coordinate with industrial and commercial administrative management departments to step up management of the cotton market; management work should never let up. Supply and marketing cooperatives will be the sole procurers of cotton; no other units or individuals are allowed to procure. We should strictly deal with those who hike up the price of cotton, those who engage in panic-buying of cotton, and those who engage in the speculative sale of cotton.

East Region

Anhui Province Fights Illiteracy Among Farmers

OW2712201988 Beijing XINHUA in English
1451 GMT 27 Dec 88

[Text] Hefei, December 27 (XINHUA)—In east China's Anhui Province two million farmers between the ages of 12 and [number indistinct] have learned to read and write over the past few years [name indistinct] from the provincial Education Department told XINHUA today.

According to a 1982 survey, Anhui had 7.88 million illiterate farmers in this age group, said the official, adding that the recent progress can be attributed to the continued concerted efforts made by governments at all levels in the province.

He said local governments plan to send 500,000 to 600,000 illiterate farmers in the province to schools specializing in literacy training and agro-techniques in the slack season of this winter and next spring.

In China, anyone who can read less than 500 characters is classified as illiterate, and the state requires every worker to be able to read 2,000 characters, and every farmer and rural resident to be able to read 1,500.

Jiangsu City To Slow Rural Enterprises Growth

OW2712191988 Beijing XINHUA in English
1444 GMT 27 Dec 88

[Text] Beijing, December 27 (XINHUA)—Wuxi City in Jiangsu Province will reduce the growth rate of its rural industry to 15 percent next year from 40 percent this year, the overseas edition of the "PEOPLE'S DAILY" reported today.

Noted as one of the top cities in China in the development of rural industry, Wuxi has 11,417 rural enterprises, and this year their output value will reach 21 billion yuan, an increase of 40 percent compared with last year.

In 1984 its annual investment in fixed assets was 346 million yuan, but this year the sum has gone up to 1.2 billion yuan.

Most of the investment this year came in the form of bank loans, and the rural enterprises have paid 232 million yuan in interest to the bank while their profits were but 322 million yuan.

On the other hand, a lot of enterprises have to source their energy supplies and raw materials from other provinces and regions.

The municipal government has taken measures to adjust the development structure of the city's rural industry so as to cope with the tightened production material markets.

Investment in fixed assets will be reduced to 500 million yuan next year.

It will increase circulation funds for rural enterprises producing daily necessities, export products and agricultural side-line products.

The city will close enterprises with high consumption rates of energy and raw materials which are now being built or enlarged.

Jinan Military Region Holds CPC Congress

SK2812120788 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 27 Dec 88

[Text] After a 4-day session the Sixth Jinan Military Region CPC Congress completely fulfilled its tasks and concluded in the city of Jinan on the afternoon of 27 December.

Song Qingwei presided over the congress' closing ceremony. Seated in the front row on the rostrum were executive members of the congress' Presidium, including Song Qingwei, Li Jiulong, Gu Hui, Zhang Zhijian, Ma Weizhi, Cao Pengsheng, Jiang Futang, Xu Chunyang, and Zhang Zhonglin; and members of the Central Advisory Commission, including Rao Shoukun, Chen Renhong, and Kong Shiquan.

At 1430 that day the delegates elected members for the Jinan Military Region's Sixth CPC Committee and Discipline Inspection Commission by conducting a multi-candidate election. During the congress the delegates also approved the military region's fifth CPC Committee and Discipline Inspection Commission reports.

During the congress the delegates earnestly discussed the report given by Comrade Song Qingwei on behalf of the military region's fifth CPC committee. The congress delegates unanimously contended that the report's review of the past 5 years' work is totally objective; that the report's summary on the experience and lessons gained over the past 5 years conforms with reality; and that goals and tasks mentioned in the report are active and feasible, which will certainly play a very important role in promoting the drive to conduct reform and construction throughout the military region.

It was pointed out at the congress that the 5-year period from the fifth congress to the sixth one is an important period for the military region to conduct reform and construction; that tasks for the period are glorious and arduous; and that we must follow the spirit of the 3d Plenary Session of the 13th CPC Central Committee, the demands set forth by the Central Military Commission, the party's basic line of the initial stage of socialism, and the guiding ideology of building armed forces in the new historic period to enhance leadership over politics and ideology, to uphold the principle of strictly running the

party, and to do a good job realistically in conducting reform and construction among PLA units to upgrade units' combat strength in an overall way.

The congress closed amid the majestic music of the Internationale.

Shandong Oil Field Doubles Output in 7 Years
OW2712191688 Beijing XINHUA in English
1442 GMT 27 Dec 88

[Text] Beijing, December 27 (XINHUA)—By December 20 the Shengli oilfield in Shandong Province had produced 225.95 million bbl of crude oil this year, more than double the 112.77 bbl in 1981.

It is predicted that the output will reach 233.1 million bbl by the end of the year, accounting for more than 50 percent of the country's total net increase this year.

The number of oil and gas fields in Shengli has increased from 22 to [words indistinct] while the oil deposits discovered have nearly tripled.

New Oil Field Discovered in Shandong Province
OW2712202488 Beijing XINHUA in English
1558 GMT 27 Dec 88

[Text] Beijing, December 27 (XINHUA)—An oilfield with deposits of well over 700 million bbl was discovered recently in the Yellow River Delta, near where the Shengli, China's second-largest oilfield, lies.

Located off the mouth of the Yellow River, the oilfield has been officially named "Chengdao."

Since early this year the four trial oil wells have tapped oil there.

Shanghai, Jiangsu To Guard Against Hepatitis
OW2712191788 Beijing XINHUA in English
1447 GMT 27 Dec 88

[Text] Beijing, December 27 (XINHUA)—The Shanghai municipal and Jiangsu provincial governments have taken emergency measures to prevent another epidemic of hepatitis next year, according to the latest edition of "HEALTH NEWS."

The paper said Shanghai's sanitation and antiepidemic centers have warned citizens about the importance of clean water and food.

Sanitation departments have stepped up the cleaning of street public toilets.

The Jiangsu provincial government has issued an emergency ban on catching and selling contaminated clams, the culprits behind an outbreak of hepatitis that hit at least 10,000 citizens in Shanghai earlier this year.

Shanghai Boosts Export-Oriented Economy
OW2812222488 Beijing XINHUA in English
1539 GMT 28 Dec 88

[Text] Shanghai, December 28 (XINHUA)—Practising the contract responsibility system in foreign trade departments and improving the investment environment have helped Shanghai boost its export-oriented economy.

As of December 20, the city had exported 4.3 billion U.S. dollars-worth of goods. Its exports are expected to top 4.5 billion U.S. dollars-worth this year up 10 percent over last year.

A municipal official said Shanghai, China's leading industrial center, has absorbed 550 million U.S. dollars in foreign investment, up 30 percent over last year. Included were 320 million U.S. dollars of direct investment in 210 newly-approved foreign-funded enterprises.

This year has seen the city conclude 70 contracts involving 110 million U.S. dollars.

Shanghai Sets Up First Society To Study Debt
OW2812213788 Beijing XINHUA in English
1528 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—A society for the study of the debt problem, the first of its kind in China, was established recently in Shanghai, China's largest industrial city, the "CHINA YOUTH NEWS" reported today.

As the hub of a nationwide information network, the society will start a systematic and comprehensive study of the debt problem in China, according to the paper.

Since China switched its planned economy to a commodity economy a few years ago, the debt [words indistinct] enterprises and normal operation of economic undertakings is much affected, the paper said.

The enterprise debt problem across the country comes to about 20 billion yuan, and Shanghai accounts for four billion to five billion yuan of this.

The society has so far trained more than 300 persons working in enterprises on aspects of the debt problem, according to the report.

Zhejiang Party Congress Elects New Leaders
OW2812135288 Hangzhou Zhejiang Provincial Service
in Mandarin 1000 GMT 28 Dec 88

[By reporter Chai Jieyue]

[Text] The First Plenary Session of the Eighth Zhejiang Provincial CPC Committee was held in Hangzhou on 28 December. Comrade Li Zemin was elected provincial party committee secretary.

Comrade Li Zemin presided over the plenary session. The session first elected, from among multiple candidates, 11 members of the eighth provincial party committee Standing Committee and then the provincial party committee secretary and deputy secretaries from among the same numbers of candidates. Li Zemin was elected secretary and Shen Zulun and Ge Hongsheng were elected deputy secretaries.

The 11 members of the Standing Committee are Li Zemin, Shen Zulun, Ge Hongsheng, Chen Fawen, Luo Dong, Xu Xingguan, Xu Yongqing, Wu Renyuan, Sun Jiaxian, Xia Zhonglie, and Liu Xirong.

The plenary session also approved, by a show of hands, the election results of the first plenary sessions of the Zhejiang Provincial CPC Committee Advisory and Discipline Inspection Commissions. It also decided to report the election results to the party Central Committee for approval.

Comrade Xue Ju spoke at the plenary session. He said: Following the eighth provincial party congress' smooth and successful conclusion we shall carry out the work under the leadership of the new provincial party committee. It is hoped that the new provincial party committee will courageously strive for further advances.

Comrade Xue Ju said: The Advisory Commission should serve as a good political adviser and assistant to the provincial party committee. It should offer advice and assistance through conducting investigation and study in accordance with the party Central Committee's tasks for different stages and the provincial party committee's work requirements.

Entrusted by the new provincial party committee, Comrade Li Zemin spoke at the plenary session. He expressed thanks for the trust and expectations bestowed on the new provincial party committee by the latest provincial party congress' delegates and all the party members in Zhejiang they represented. He pledged to further carry out the work based on the sound foundations laid down by the previous provincial party committee, to build the new provincial party committee into a clean, honest, enterprising, innovative, and down-to-earth leading body, and to unite the people throughout the province in earnestly implementing the reform and construction tasks for the next 5 years put forth by the eighth provincial party congress.

Members of the Advisory and Discipline Inspection Commissions observed the plenary session of the new provincial party committee.

Zhejiang Discipline Commission Elects Leaders
OW2912014188 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 28 Dec 88

[Text] The provincial Discipline Inspection Commission, elected by the Eighth Zhejiang Provincial CPC Committee, held its first plenary session in Hangzhou on 28 December, and elected chairman, vice chairmen, and members of the Discipline Inspection Commission Standing Committee.

Comrade Chen Fawen presided over the plenary session.

The plenary session first elected, from among multiple candidates, seven members of the Standing Committee and then elected, from among the same number of candidates, a secretary and deputy secretary.

Chen Fawen is the secretary and Gao Chengyu is the deputy secretary of the commission. The seven Standing Committee members are, in the order of the number of strokes in their surnames, (Shen Mei), (Wang Zhifeng), Chen Feiyan, Chen Fawen, Luo Yi, Gao Chengyu, and Qiu Bocun.

Zhejiang Advisory Commission Holds Plenum
OW2812140588 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 28 Dec 88

[Text] The provincial Advisory Commission, elected by the Eighth Zhejiang Provincial CPC Committee, held its first plenary session in Hangzhou on 28 December. It elected, by secret ballot from among the same number of candidates, chairman, vice chairmen, and members of the Advisory Commission Standing Committee.

Comrade Xue Ju presided over the plenary session. Results of the election are as follows:

Chairman: Xue Ju

Vice chairman: Liu Yifu

Members, arranged in the order of the number of strokes in their surnames: Wang Yaoting, Zhang Shixiang, Zhang Xueyi, Liu Yifu, and Xue Ju.

Comrades Tie Ying and Cui Jian observed the session today.

Central-South Region

Guangzhou Customs Smashes Smuggling Ring
OW2712214688 Beijing XINHUA in English 1559 GMT 27 Dec 88

[Text] Guangzhou, December 27 (XINHUA)—The Guangzhou Customs has smashed a large smuggling ring involving people from Hong Kong and Taiwan.

A customs officer said here today that altogether 978 pieces of rare cultural relics from the Han Dynasty (206 B.C.-A.D.220) to the Qing Dynasty (1644-1911) were confiscated. One third of them are listed as under state protection.

The articles include ceramic ware, wooden figurines, bronze mirrors, ivory locks, inkstones, ancient books, embroideries, paintings, statues and rubbings from stone inscriptions.

According to the officer, the case involved five people from the mainland, who have been detained, two from Hong Kong and two dealers in cultural relics from Taiwan.

The case is under investigation.

Shenzhen State-Owned Business To Issue Shares
OW2712214388 Beijing XINHUA in English
1629 GMT 27 Dec 88

[Text] Shenzhen, December 27 (XINHUA)—A state-owned corporation in this China's first economic zone will issue 28 million yuan-worth of shares tomorrow.

Almost 10 million of the shares have already been bought by three Hong Kong companies and one in Japan.

Foreign businessmen can buy the shares with foreign currency and the dividends they are entitled to can be exchanged into foreign currency and deposited in foreign banks.

The shares were advertised by the Shenzhen Vanke Co. Ltd in local newspapers today accompanied by an introduction to the company's finance, management and staff.

Work started early this year in the then-state-owned trade and industrial corporation, to divide the ownership of its fixed assets worth 12 million yuan into "state shares and enterprise shares." The former holds 60 percent while the latter, 40 percent.

The share system means that the corporation is free from government administration and is operated by a board of directors headed by a general manager.

The corporation plans to issue shares in Hong Kong in three years' time.

Shenzhen To Host Technology Exhibitions in 1989
HK2812091588 Beijing CEI Database in English
28 Dec 88

[Text] Beijing (CEI)—Eleven technological development marketing exhibitions have been scheduled for 1989 in Shenzhen, Guangdong Province. Companies and factories at home and abroad are welcome to display their exhibits or visit the exhibitions.

These large-scale exhibition and marketing activities are sponsored by Shenzhen Technological Exchange Center, and will be held at the Shenzhen Science Hall or Shenzhen Exhibition Center. Following is the timetable for the exhibitions:

Mar. 21 - 24: Shenzhen Invention Patent and Special Technology Exhibition '89.

Apr. 8 - 12: Shenzhen International Electronic Technological Instrument and Equipment Products Exhibition '89

May 16 - 20: Shenzhen International Foodstuff and Foodstuff Industry Technology and Equipment Exhibition '89.

June 28 - July 1: Shenzhen Chinese Popular Technological and Industrial Products and Technology Exhibition '89.

Early July: National Town and Village Enterprises' Products and Technology Trade Fair at the Shenzhen Litchi Festival '89.

Early Sept.: Shenzhen International Metallurgical and Nonferrous Metal Products and Technological Equipment Trade Fair '89.

Late Sept.: Shenzhen International Communications, Transportation and Storage Technological Equipment Exhibition '89.

Early Oct.: Shenzhen Light and Textile Industrial Products and Technological Equipment Exhibition '89.

Mid-Nov.: Shenzhen International Standard Metrological Technology and Instrument Exhibition '89.

Late Nov.: Shenzhen International Chemical Industry Technological Instrument and Equipment Exhibition '89.

Mid-Dec.: Shenzhen National Computers and Applied Technologies of Artificial Intelligence Equipment Exhibition '89.

Guangxi Holds Telephone Meeting on Rural Work
HK2812041688 Nanning Guangxi Regional Service
in Mandarin 1100 GMT 24 Dec 88

[Excerpts] On 22 December the Guangxi Regional CPC Committee and people's government held a telephone meeting on fighting drought, developing production, and providing disaster relief. The meeting called on party committees and people's governments at various levels in the region to take immediate action to go all out to strengthen their leadership, develop production, provide disaster relief, fight drought, and protect crops in order to reap a good agricultural harvest, especially a good grain harvest, next year.

The meeting was presided over by Cheng Kejie, vice chairman of the Guangxi regional people's government. At the meeting Wei Chunshu, deputy secretary of the Guangxi Regional CPC Committee and chairman of the Guangxi regional people's government, analyzed the present situation of the rural areas in Guangxi and made

specific arrangements for the regional work of developing production, providing disaster relief, fighting against drought, preventing natural calamities, and reaping a good grain harvest next year. [passage omitted]

At the meeting, Chen Huiguang, secretary of the Guangxi Regional CPC Committee, also made a report on the activities of celebrating the 30th anniversary of the founding of the Guangxi Zhuang Autonomous Region and relayed the speech's spirit made by the leading comrade of the delegation sent by the central authorities. Chen Huiguang called on various regional areas and departments to conscientiously organize the cadres and masses to study and carry out the speech's spirit made by the leading comrade of the delegation sent by the central authorities.

Attending the meeting were responsible party and government leaders of the various regional prefectures, cities, and counties, the responsible persons of relevant regional departments, the responsible persons of the various departments, commissions, offices, and bureaus directly under the Guangxi Regional CPC Committee and people's government.

Guangxi Achievements in Radio Communications
HK2812101888 Nanning Guangxi Regional Service in Mandarin 1100 GMT 25 Dec 88

[Text] The 1988 regional radio communications work meeting was held in Nanning from 21 to 23 December to strengthen management over radio communications, maintain the order of electric waves in the air, and promote the development and application of radio communications in all trades and undertakings so as to meet the needs of opening up to the world and invigorating the domestic economy.

In 1984 the State Council and the Central Military Commission decided to reform the radio communications management system. Since then, and particularly since the 1986 transfer of radio communications management from the Army to the localities, prefecture, city, and county radio communications management organs have been basically established under the leadership of people's governments and construction departments at all levels. Regional commissions, departments, bureaus, and offices; central departments stationed in Guangxi; as well as large factories and mines in the region have set up corresponding management organs or functional departments. They have initially built corresponding databases and monitoring facilities.

By October 1988 there were about 25,000 sets of radio communications equipment in the region, an increase of 100 percent or so over 1985. Radio communications equipment is being used in a wide range of fields. According to statistics, there are over 30 types of radio

communications services throughout the region, including those used in the political, economic, military, cultural, industrial, agricultural, transportation, scientific, and educational fields as well as those for the cultural life of the people.

Now broadcasting stations, postal and telecommunications units as well as transportation, petroleum, electric power, geological, mining, meteorological, civil aviation, and public security departments are using a large amount of radio communications facilities. This is playing a positive role in giving prompt and accurate guidance, in improving production efficiency, and in maintaining social order.

Henan Conference Stresses Grain Production

HK2812050688 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 26 Dec 88

[Excerpts] A Henan provincial rural work conference opened in Zhengzhou this morning.

The conference's theme is to convey the spirit of the recent national rural work conference and the CPC Central Committee and the State Council decision on striving for a bumper harvest next year, to analyze the situation, to seek a common understanding, to study and work out measures to deepen rural reform in the province, step up construction of the infrastructure for agriculture, vigorously develop agriculture, and strive for a bumper harvest in agriculture for the next 2 years, especially next year.

Hu Xiaoyun, provincial party committee deputy secretary and vice governor, presided over the conference. Song Zhaosu, provincial party committee Standing Committee member and vice governor; and Liu Zhenqi, provincial Commission on Agricultural Economy director, respectively relayed the gist of the speeches delivered by CPC General Secretary Zhao Ziyang and State Council Premier Li Peng at the recent national rural work conference and the spirit of the national rural work conference. [passage omitted]

Comrade Song Zhaosu emphasized that with regard to the key to implementing the spirit of the national rural work conference, while analyzing the rural situation one must not only see the great successes achieved by rural reform in the past 10 years but also some existing serious problems. One must pay particular attention to the issue of grain, not only for the time being but also for the next few years. In the improvement and rectification operation it is necessary to correctly handle the relations between readjustment and development and between the efforts to check disorder and the invigoration of the economy. The overheated economy must certainly be cooled down, capital construction scale must certainly be reduced, and development speed must be appropriately slowed down. But agriculture, especially grain production, must never be slowed down. On the contrary, prime importance must be attached to grain production. When

increasing investment in agriculture we must first take real action to increase investment in funds and materials and earnestly implement the measures adopted by the central and provincial authorities. At the same time we must make great efforts to publicize and popularize scientific and technological research results, and speed up agricultural development with science and technology. All circles must heighten their sense of duty regarding support for agriculture, do a good job of supporting agriculture, and create good conditions for agricultural production. It is necessary to step up building spiritual civilization, carry out education among the broad masses of peasants in the situation and in their duties, and spread cultural, scientific, and technological knowledge among them, so as to improve the quality of laborers. It is necessary to strengthen the party's leadership over agriculture. County party committees must take care of agricultural affairs, and simply shirking this duty onto deputy county magistrates in charge of agriculture is far from enough. It is necessary to attach prime importance to agriculture and speed up development of agriculture.

Present at today's meeting were more than 1,500 people, including responsible comrades of the provincial government, People's Congress, and CPPCC Committee, Yu Youxian, Liu Yuan, Hu Tingji, Cui Guanghua, Ren Leiyan, and Tu Jiaji; principle leading people and responsible comrades in charge of agriculture from all cities, prefectures, and counties; as well as leading people of various organs directly under the provincial authorities and cadres at and above the section level of the Agricultural Department.

Henan Officials Speak on Education

HK2812144088 Zhengzhou Henan Provincial Service
in Mandarin 1030 GMT 23 Dec 88

[Excerpts] Yesterday afternoon provincial party committee Secretary Yang Xizong, Deputy Secretary Yao Minxue, and Vice Governor Yu Youxian, as well as Zhengzhou CPC Committee Secretary Cao Lei and vice mayor [name indistinct], went to Huimin Middle School in Zhengzhou City to investigate and find out that schools's educational conditions. They also held an informal discussion meeting with the responsible persons of some schools. [passage omitted]

Before the meeting ended, Yang Xizong, and Yao Minxue made important speeches.

Comrade Yang Xizong said: Today all comrades have aired very good views and passed on very good experiences. Viewed from the educational reform conditions you have discussed, the major orientation is correct and the effect is good. It is feasible for schools to institute a headmaster responsibility system and a system of hiring teaching staff for appointments and to introduce a competition mechanism. They should be unswervingly upheld. Naturally, different schools should have different methods. Not only should there be a general character, but also each should have its own special features. It

is hoped that you will explore. You should continue to do a good job of optimized formation and create good experience to be popularized in all schools. Schools should think out more methods. Not only will this help teaching reform and improve conditions for running schools, but it will also be greatly advantageous in cultivating students into people with lofty ideals, moral integrity, education, and a sense of discipline. We should continue to uphold this orientation.

Comrade Yang Xizong said: Optimized formation can also be conducted in some rural schools. With regard to personnel made surplus as a result of optimized formation, judging from the conditions in some of your schools, there have not been great problems. It is necessary to take more difficulties into account and be more thoughtful, and the chance of success will be greater. It is hoped that party organizations will give scope to their role as fighting bastions and that party members will play an exemplary vanguard role. In the face of reform, this is a test for all people. It is necessary for teachers to be paragons of virtue and learning and it is even more necessary for those teachers who are party members to set examples.

Comrade Yao Minxue said: Schools are a component part of the society. If they are not run well, there will be problems. It is likewise the same in middle schools. All efforts should be made to do our work meticulously and, when instituting optimized formation, we should be more thoughtful.

No Grain Shortage in Hubei Despite Calamities

HK2812065588 Beijing ZHONGGUO XINWEN SHE
in Chinese 0520 GMT 24 Dec

[Report by reporter Zhang Dunhua (4545 2415 5478): "There Is No Grain Shortage in Disaster-Stricken Hubei Province"—ZHONGGUO XINWEN SHE headline]

[Text] Wuhan, 24 Dec (ZHONGGUO XINWEN SHE)—There is no grain shortage in Hubei Province this year despite severe natural calamities.

During an interview with this reporter an official in charge of the disaster relief through production for the whole province said: This year Hubei suffered from an exceptionally serious drought. From the end of August to September the province suffered again, from autumn floods rarely experienced in history. Drought and floods occurred throughout the province, and more than 40 million mu of farmland was affected. Although the province suffered from serious natural calamities, government officials at all levels, the masses and servicemen, spared no efforts to combat them, and to help themselves by engaging in production. Grain production will be better than expected. What is gratifying is that in this disastrous year some prefectures, counties, and cities have wrested a good harvest. The per capita grain

possession of more than 50 million people throughout the province will not be lower than 425 kilos. The province can still transfer grain to other regions.

This official added: However, there is a great difference in the per capita grain possession between different counties, townships, and peasant households. In the disaster-stricken areas, although some people lack grain, grain shortage has not occurred for the following reasons:

—During the 10 years of reform a bumper grain harvest was wrested in consecutive years. Both the provincial government and the masses stored up grain in case of crop failure.

—The provincial government organized 2.5 million people in the disaster-stricken areas to engage in industrial and sideline production. These people will earn more than 160 million yuan from their production. In addition, more than 2 million mu of late-autumn crops have been replanted. This will play the role of subsidizing agriculture with industry, and replacing summer crops with autumn crops.

—The main provincial party and government leaders led more than 37,000 cadres at all levels, going deep into disaster-stricken areas to make arrangements for the people's livelihood. At present, the provincial government provides each person in the disaster-stricken areas with 15 kilos of commercial grain monthly. The grain has been handed out to people in these areas. Relief funds totalling more than 9 million yuan for victims of calamities between January and March next year, have been sent to the disaster areas. Arrangements have also been made for relief funds for April and May before new grain is reaped. Financial departments in various localities have also allocated funds for victims in the disaster areas.

—The State Council and the relevant ministers and committees have greatly supported disaster relief in Hubei Province in terms of funds, goods, and materials. People in various circles in the province are spontaneously collecting donations. They send money, grain, and clothes to the disaster-stricken areas.

This reporter learned from peasants who had come from the disaster-stricken areas and are now working in the provincial capital, that none of them is worried about the shortage of grain.

Hubei Secretary Addresses Party Plenary Meeting
HK2712154188 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 22 Dec 88

[Text] The 10th Plenary Session of the 4th Hubei Provincial CPC Committee was held in Wuchang from 21 to 22 December. The main item on the agenda was examining and discussing the report submitted by the Fourth Hubei Provincial CPC Committee to the forthcoming Fifth Congress of the Hubei Provincial CPC Committee.

Provincial party committee Secretary Guan Guangfu and Deputy Secretaries Guo Zhenqian, Zhao Fulin, and Qian Yunlu presided over the meeting. Comrades Ding Fengying, Zhang Xueqi, Tian Qiyu, Zheng Yunfei, and Zhong Shuqiao, members of the provincial party committee Standing Committee, attended the meeting.

Guang Guangfu explained the drafting of the provincial party committee report and other relevant matters at a meeting of all group convenors held prior to the meeting. He also delivered a speech at the end of the meeting. Qian Yunlu explained the conditions relating to the deliberations at the plenary meeting on the report to the Fifth Hubei Provincial CPC Committee Congress. Speaking out freely the participants conscientiously deliberated on the subjects under discussion.

The plenary meeting discussed and unanimously approved the report to be submitted by the provincial party committee to the fifth provincial party congress for examination and discussion. It also decided to hold the Fifth Hubei Provincial CPC Committee Congress on 25 December. The topics for discussion at the congress will be, first, to listen to and deliberate on the reports of the provincial party committee, and Advisory and Discipline Inspection Commissions and, second, to elect the Fifth Hubei Provincial CPC Committee and the next provincial Advisory and Discipline Inspection Commissions.

In his speech Guan Guangfu said: In its report to the fifth provincial party congress, the provincial party committee will strive to more satisfactorily embody the close integration of the line, principles, and policies of the party Central Committee with Hubei's realities, adapt itself better to the new situation, and strive to be more accurate and considerate.

Guan Guangfu said: The 5-year terms of our three committees have expired. During this period, all members of the three committees have made their proper contributions in ensuring the implementation of the party's line, principles, and policies laid down since the 3d Plenary Session of the 11th CPC Central Committee, and particularly the spirit of the 12th and 13th party congresses and the 3d Plenary Session of the 13th CPC Central Committee, in promoting reform and the building of the two civilizations, and in strengthening party building and the building of work style and organization in the province. It can be said that the three committees have quite satisfactorily completed all the work and tasks entrusted by the fourth provincial party congress and that they have lived up to the expectations of the party Central Committee and justified the great trust placed to them by the vast numbers of party members throughout the province.

Guang Guangfu said: At the fifth provincial party congress the new provincial party committee, and Advisory and Discipline Inspection Commissions will be elected. All comrades who join the next three committees are

important cadres with long work experience. They have made indelible contributions to Hubei's political and economic development. It is suggested that the three new committees directly create conditions for the comrades withdrawing from their posts to participate in decision-making. The provincial party committee hopes that these comrades will, as always, continuously make their contributions to Hubei's reform and construction, to the achievement of Hubei's objective of rising in central China, and to the building of a prosperous, democratic, and civilized Hubei.

Forty-eight members and 15 alternate members of the provincial party committee attended the meeting. Also present at the meeting as observers were 38 members of the provincial Advisory Commission and 16 members of the provincial Discipline Inspection Commission, as well as leaders of the relevant departments. Members of the Central Advisory Commission, who were currently in Wuhan, also attended the meeting as nonvoting delegates.

Fifth Hubei Party Congress Conducts Business

Holds Preparatory Meeting

*HK2812044888 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 24 Dec 88*

[Excerpts] A preparatory meeting of the Fifth Hubei Provincial CPC Congress was held in Wuchang's Hongshan Guesthouse this afternoon. Guan Guangfu, secretary of the Hubei Provincial CPC Committee, presided over the meeting. [passage omitted]

At today's preparatory meeting, by a show of hands, the participants unanimously approved the agenda for the fifth provincial party congress. According to this agenda the fifth provincial party congress will listen to and examine the reports of the fourth provincial party committee and Advisory and Discipline Inspection Commissions; elect the Fifth Hubei Provincial CPC Committee and new provincial Advisory and Discipline Inspection Commissions. Next, by a show of hands, the participants unanimously approved the list of the congress Presidium, composed of 85 people, the congress Secretariat list, and the Credentials Committee list, composed of 13 people.

Guan Guangfu spoke at the end of the meeting. He said: The fifth provincial party congress will open tomorrow. It is a major event in our province's political life. It is hoped that all delegates will pool everyone's wisdom and efforts and concentrate their energy on turning this congress into a congress of unity and victory, and a congress that encourages party members and people throughout the province to strive for promoting Hubei's reform and construction, achieving Hubei's strategic objective of rising in central China, and building a prosperous, democratic, and civilized Hubei.

Presidium Meeting Held

*HK2812034488 Wuhan Hubei Provincial Service
in Mandarin 1000 GMT 26 Dec 88*

[Text] On the afternoon of 26 December the Fifth Hubei Provincial CPC Congress Presidium held a meeting in Wuchang under the chairmanship of Comrade Zhao Fulin. Entrusted by the Fourth Hubei Provincial CPC Committee Standing Committee, Comrade Guan Guangfu gave an explanation of the arrangements for the personnel of the Fifth Hubei Provincial CPC Committee, the next provincial Advisory Commission, and the Discipline Inspection Commission. After listening to the explanation, the meeting passed the draft name lists of candidates for members and alternate members of the Fifth Hubei Provincial CPC Committee, and members of the provincial Discipline Inspection and Advisory Commissions, and submitted the lists to all delegates for examination and consideration. The meeting also passed some matters relating to elections to be held at the meeting. All elections will be held by secret ballot. Members and alternate members of the provincial party committee and members of the provincial Discipline Inspection Commission will be elected according to the system of having more candidates than posts. But members of the provincial Advisory Commission will be elected with an equal number of candidates and posts. The meeting also passed a draft name list of candidates for ballot examiners, and chief and assistant chief examiners, and submitted it to delegates for examination and consideration.

Hunan's Xiong at Planning, Economic Meeting

*HK2812054988 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 26 Dec 88*

[Text] Provincial meetings on planning and reform of the economic structure held by the provincial government opened simultaneously in Changsha yesterday [26 December]. The topics for discussion at these two meetings are: to convey and implement the guidelines of the national conferences on planning and on reform of the economic structure; to work out our province's plan for the national economy and social development in 1989; to make arrangements for reform of the economic structure; to study and implement the guiding principle for improving the economic environment, rectifying the economic order, and deepening reform in an overall way; to curtail the scale of investment in fixed assets; to readjust industry mix; to guarantee effective supply; and to step up macroeconomic regulation and control [hong guan tiao kong] of the national economy.

Yesterday morning's meetings were presided over by Xiong Qingquan, provincial party committee secretary and governor. Attending the meetings were leading comrades of the provincial government, commissions, offices, departments, subordinate organs; provincial level bureaus; and responsible comrades of all administrative commissioner's offices, autonomous prefectures, and cities.

At yesterday's meetings Wang Shaofeng, provincial Planning Commission chairman, conveyed the guidelines of the national conferences on planning and reform of the economic structure.

On behalf of the provincial government, Chen Bangzhu, provincial party committee Standing Committee member and vice governor, made a report. Chen Bangzhu said: In accordance with the guidelines of the central authorities and in conjunction with the realities of Hunan, the general guiding ideology of our province's economic work next year is to curtail exorbitant demand, rationally readjust the structure, increase effective supply, raise economic results, control the range of price increases, continuously deepen reform, and strive to improve the environment.

He said: The improvement of the economic environment and rectification of economic order are central tasks. To guarantee that the range of price increases is apparently lower this year is a basic sign, and to strive for a good agricultural harvest is a material foundation of economic stabilization. All aspects of work must be done with emphasis laid on this center and target. The national economy plan must be formulated and arrangements for reforming the economic structure must be made to implement the above-mentioned guiding ideology.

Comrade Chen Bangzhu made detailed exposition of the questions of working hard to make improvement, rectification, and readjustment, really improving and increasing effective supply, deepening reform, and strengthening macroeconomic regulation and control.

Xiong Qingquan demanded: That comrades attending the meetings must unfold the discussion of the questions of what attitude toward the present situation we should adopt and of how we can find the correct way.

Mao Zedong's 95th Birthday Marked in Hunan
*HK2812045688 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 23 Dec 88*

[Text] To mark the 95th birthday of Comrade Mao Zedong and the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee, the Hunan Mao Zedong Thought Symposium was held in Shaoshan yesterday morning [23 December]. Over 50 experts and academics from all over the province gathered together to exchange achievements in studying Mao Zedong Thought and to explore the future direction of study.

Liu Zheng, deputy secretary of the provincial party committee, chairman of the provincial CPPCC Committee, and honorary president of the Hunan Mao Zedong Thought Study Society, attended the meeting and talked about how to deepen the study and application of Mao Zedong Thought.

He said: Mao Zedong Thought is the crystallization of the collective wisdom of Chinese Communists represented by Comrade Mao Zedong, who for a long time have been engaged in integrating the theory of revolution and construction with practice. It was of great theoretical significance in the past; it remains so at present and will continue to be in the future.

Liu Zheng said: The historical contributions of the party since the 3d Plenary Session of its 11th Central Committee lie chiefly in restoring and developing the party's ideological line of seeking truth from facts, which is the quintessence of Mao Zedong Thought.

Liu Zheng pointed out: The study and application of Mao Zedong Thought should be combined with efforts to sum up and draw our party's historical experience, both positive and negative. It should be combined with the deepening of reform, opening up to the outside world, and the socialist modernization drive. We should conscientiously study and answer doubtful, difficult, and hot points, which greatly concern the general public. The theoretical circles should further emancipate their minds, promote democracy, uphold a scientific approach, improve study and writing styles, and use the Marxist stand, viewpoint, and method to study the law governing the development of things and to guide practice. Attention should also be paid to the readability of theses on studying Mao Zedong Thought. Instead of writing stereotyped or empty words, we should enliven our writing style and increase the purpose and militancy of our writing. We should engage more in independent thinking and enliven the atmosphere of academic studies. By doing this, in 5 years time, that is, when we mark the 100th birthday of Comrade Mao Zedong, we shall be able to present a number of original theses of high quality.

At the present symposium, which will last 2 days, 32 theses will be exchanged. The symposium will also work out planning for the scientific study of Mao Zedong Thought for the next 5 years.

Southwest Region

Guizhou's Liu Zhengwei Supports Private Economy
*HK2912000188 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 26 Dec 88*

[Excerpts] The day before yesterday Liu Zhengwei, provincial CPC Committee secretary, spoke to the private entrepreneurs attending the provincial meeting on private economy in Zhenning Bouyei-Miao Autonomous County.

Liu Zhengwei said that party and government policies will not change. He also assured private entrepreneurs that they can continue to develop greatly private economy as they wish.

Liu Zhengwei added that the "Provisional Regulations on Private Enterprises" recently promulgated by the State Council explicitly stipulated the position and role of private economy. Private economy, including township and town enterprises, can be greatly developed within the framework of the State Council's Provisional Regulations on Private Enterprises. [passage omitted]

Liu Zhengwei also demanded that party and government departments at various levels actively support development of private economy and provide good services to the development of private economy. No unit or individual is allowed to encroach upon the legitimate interests and rights of private enterprises. Likewise, the private enterprises should voluntarily help the state overcome its difficulties in the course of improving the economic environment and rectifying economic order.

Guizhou Issues Urgent Field Management Circular
HK2912032288 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 24 Dec 88

[Excerpts] Yesterday the Guizhou provincial people's government issued an urgent circular calling on people's governments at various levels in the province to take immediate actions to mobilize the masses and practically strengthen field management which is centered on fighting against drought and keeping a full stand of seedlings in order to reap a good harvest of grain and oil crops next year.

The urgent circular issued by the Guizhou provincial people's government said that since mid-October, there has been little rain in the province and the temperature of the province has also remained higher than the corresponding period of the previous years. [passage omitted]

These changes have converged to pose a grave threat to the harvest of grain and oil crops next summer.

Therefore, the Guizhou provincial people's government called on all the areas and departments concerned to strengthen practically the work of fighting against drought during the winter season, adopt measures suited to local conditions to provide guidance over and strengthen the work of fighting against drought, and keeping a full stand of seedlings. The Guizhou provincial people's government has also called on the various areas and departments concerned to make efforts to guarantee the normal operation of all the irrigation works in the province. [passage omitted]

The Guizhou provincial people's government circular also called for redoubled efforts to strengthen field management and raise the rate of utilizing the first category and the second category of seedlings. [passage omitted]

The circular demanded that efforts be made to prevent and cure plant diseases and insect pests, strengthen the leadership over the work of fighting against drought, and keeping a full stand of seedlings.

The Guizhou provincial people's government circular said that the people's governments at various levels, in particular those of the various counties, prefectures, and townships, should shift the focus of their work and devote most of their efforts to fighting against drought, keeping a full stand of seedlings, and building irrigations works in order to ensure a good harvest of grain and oil crops next summer. People from all walks of life in the province should greatly support agriculture and organize people to go down to the rural areas to help them build bases for fighting against drought, enforce technological and specific measures for the fight and store and preserve water. [passage omitted]

Tibet Releases Agricultural Output Value
HK2912025188 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 27 Dec 88

[Excerpt] According to the third meeting of the fifth regional People's Congress Standing Committee, the total agricultural and animal husbandry output value in the Tibetan Autonomous Region in 1988 exceeded 700 million yuan. In early 1988, the regional authorities held a work conference to study the ways to increase production through spreading advanced management methods and advanced techniques. At the same time the authorities concerned also studied and carried out reform of the financial system for agriculture and animal husbandry. This ensured that financial resources could be used for the most needed areas in agricultural and animal husbandry production. All cities and prefectures also adopted effective measures to promote agricultural and animal husbandry production. The area of farmland sown with grain crops was expanded this year. In addition, no major natural disaster occurred in Tibet. All this enabled this region to reap a good harvest in agriculture and animal husbandry. [passage omitted]

Yunnan Secretary on Grain, Tobacco Production
HK2912051688 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 24 Dec 88

[Text] At the 1989 provincial tobacco production work conference yesterday, provincial party secretary Pu Chaozhu said: Our province's flue-cured tobacco production in the next 2 years should be appropriately adjusted in terms of theoretical guidance, planned arrangements, rational use of land resources, and principles and policies, so that the relationship between grain and tobacco production can become more coordinated.

Pu Chaozhu said: Grain and tobacco represent a principal pillar of our province's economy. However, over the past few years, total grain demand in society has also increased rapidly. Therefore, we should not only make adjustments to step up grain production and to reduce

the temperature for growing tobacco, but also prevent a big drop in flue-cured tobacco production. On the question of how to coordinate the relationship between grain and flue-cured tobacco and promote economic growth in the province well, Pu Chaozhu raised some views in terms of theoretical guidance.

1. We should proceed from the overall situation in flue-cured tobacco production in the next 2 years and resolutely transfer high-yield land to grain production.

2. Efforts should be made to prevent a big drop in flue-cured tobacco production. The tobacco growing areas should be kept within 3 million mu and the output should be stabilized at about 400 million kg.

3. After making the readjustments in flue-cured tobacco production, we should spend a lot of time and effort improving quality and increasing the per-unit yield. Great efforts should be made to repair water conservancy projects, expand the irrigated land area, and build and repair paths between the fields. We should plant tobacco in mountainous areas and on the hills and set up new bases for the production of high-quality flue-cured tobacco.

In conclusion Pu Chaozhu pointed out: In readjusting the relationship between grain and tobacco, we should make adjustments from the planned arrangements of the national economy and the production policy. We should stabilize the policy on flue-cured tobacco and ensure its continuity. Attention should also be paid to strengthening the popularization of flue-cured tobacco science and technology and serialized services.

Yunnan Procurator Urges Fight Against Corruption
HK2912012588 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 23 Dec 88

[Text] In a speech delivered at a recent work conference of provincial, prefectural, and city procuratorate chiefs, Chief Procurator Li Linge of the provincial People's Procuratorate pointed out: Next year the procuratorate organs at various levels in this province should take the struggle against corruption and bribery as the focus of procuratorial work so as to ensure the smooth progress of the work of improving the economic environment and rectifying the economic order. Over the past few years the phenomena of corruption and degeneration have appeared among a small number of cadres. The broad masses of people hate to see these phenomena. Statistics show that by the end of November the masses from various circles had reported to the procuratorial organs more than 1,000 cases concerning economic crimes. More than 700 of them involved cadre corruption and bribery. Li Linge required the procuratorial organs at various levels to establish a personal responsibility system in this respect and strengthen coordination with

discipline inspection committees, supervisory committees, and auditing departments so that persons, time, and the handling of cases can be ensured and so that they can render new contributions to the struggle against corruption and bribery.

Yunnan To Cut Construction Projects
HK2812135088 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 25 Dec 88

[Excerpts] At the opening ceremony of the provincial planning work conference yesterday, Vice Governor Zhu Kui pointed out that the primary target and basic task for 1989 will be maintaining next year's price rises significantly below this year's and striving for a good grain harvest. Vice Governor Zhu Kui said: The provincial party committee and government are of the opinion that to stabilize prices it is necessary to control gross demand, to increase effective supplies, and to strengthen the province's agricultural basis so as to raise grain production. Efforts should be made in such a manner that grain production will top 10 billion kg next year. [passage omitted]

There is a need to have a clear idea of the following points: 1) It is necessary to form a mentality that can take the overall situation into account. The program for reducing the scale of investments laid down by the state must be resolutely put into effect. Construction projects that should not have started must be stopped and some necessary projects will be allowed to proceed according to the possibility of material and financial resources within the control scope. 2) It is necessary to shift from laying undue stress on the growth rate to improving economic results. [passage omitted] 3) It is necessary to coordinate between improving the economic environment, rectifying economic order, and adjusting the economic structure. [passage omitted]

North Region

Beijing Iron, Steel Plant Increases Profits
OW2812181988 Beijing XINHUA in English
0702 GMT 28 Dec 88

[Text] Beijing, December 28 (XINHUA)—Beijing's Capital Iron and Steel Company, a leading iron and steel producer in China, will have made a profit of over 1.6 billion yuan by the end of this year, according to today's "BEIJING DAILY."

In so doing, the company has realized its target of increasing profits by 20 per cent a year over the last 10 years. This year's profits will amount to some 270 million yuan more than last year.

The company has paid a total of 1.1 billion yuan in profits and taxes to the state this year.

Labor productivity in the company is nearly four times higher now than 10 years ago, the paper said.

Hebei's Xing Chongzhi Attends Economic Symposium
SK2912061288 Shijiazhuang HEBEI RIBAO
in Chinese 10 Dec 88 p 1

[Text] How should we deepen the reform of the cooperative economy and the collective economy? The answer is: It would be better if we could diversify at first, and then standardize through choice by markets and workers. This was set forth by Du Runsheng, China Cooperative Economics Society president, at the 1988 symposium on cooperative economy.

This symposium was the first one ever held by the China Cooperative Economics Society and is being held in Baoding City from 5 to 8 December. The major subjects under discussion during this symposium were the major problems in the cooperative economy and the collective sector of the economy and the orientation and countermeasures for deepening reform.

Xing Chongzhi, secretary of the provincial party committee, and Yang Zejiang, chairman of the provincial Advisory Commission, attended the symposium.

During this symposium 176 academic theses were submitted, and 56 of them were exchanged. Symposium participants expounded on the importance of the cooperative and collective economies by integrating theory with practice. Participants unanimously maintained: Having their own characteristics and advantages, cooperative and collective economies have organically combined the masses' personal interests with the collective interests; under the cooperative and collective economies, the masses can do business independently; assume sole responsibility for their profits or losses, and conduct management flexibly and democratically; at the same time, the masses do not "eat from a common big pot," nor do they depend on financial subsidies from the state. Therefore, the cooperative and collective economies are a good way to organize the individual sector of the economy as well as a good way to develop the planned commodity economy. Along with the deepening of reform, the development of commodity economy, the improvement in production socialization and specialization, and enhancement of the masses consciousness and overall concept, the cooperative and collective economies have greatly developed and will play an increasingly more important role in the national economy.

Discussion participants maintained that the development of the cooperative and collective economies should be suited to the current practical condition. At present the various kinds of new economic associations developed in various localities contain diverse compositions and forms. All forms that are conducive to developing the planned commodity economy and productive forces should be supported. In developing diversified forms of the economy, we should adhere to five principles. 1) Ownership should be separated from management rights; 2) unified management should be carried out

where suitable, division of labor should be carried out where appropriate, and double- or multi-layer management should be conducted; 3) public management expenses should be economized; 4) the interests of individuals should be encouraged; and 5) we should carry out opening-up, rather than closing our door. On the basis of developing diversified forms, we should gradually standardize the cooperative and collective economies through choice by markets and workers. On no account should we seek uniformity in this regard.

Inner Mongolia's Wang at Handicap Congress
SK2912004388 Hohhot NEIMENGGU RIBAO
in Chinese 11 Dec 88 p 1

[Excerpts] The first members' Inner Mongolia Autonomous Regional Handicapped People's Federation congress was ceremoniously held from 7 to 9 December 1988. Attending the congress were 179 delegates of various nationalities, who happily got together to mark the founding of the regional Handicapped People's Federation. Receiving the delegates and attending the congress to extend congratulations on the occasion were leading comrades from the regional party, government, and Army organs, including Wang Qun, Bu He, Zhang Tinghua, Qian Fenyong, Batubagen, Zhou Rongchang, Wen Jing, Yang Enbo, Lin Weiran, He Yao, Bai Junqing, Shi Shengrong, and Yun Shufen. Deng Pufang, president of the China Federation of Handicapped People Executive Committee, also attended the congress' opening ceremony to extend congratulations on the regional federation's establishment.

During the congress the delegates discussed and approved the work report delivered by Yun Dehou on behalf of the preparatory group for establishing the regional Handicapped People's Federation and the "detailed rules and regulations" of the federation on enforcing the China Federation of Handicapped People's "Constitution;" elected chairman, vice chairmen, and members of the presidium of the regional Handicapped People's Federation; elected the president of the regional Handicapped People's Federation Executive Committee; named vice presidents for the Executive Committee; elected the chairman, vice chairmen, and members for the regional Handicapped People's Federation Appraisal Committee; and adopted a decision on establishing the regional associations of the blind, the deaf, and the physically disabled.

During the congress Wen Jing, vice chairman of the regional people's government, delivered a speech on behalf of the autonomous regional party committee and people's government to extend cordial regards and hearty congratulations to all delegates and the 860,000 handicapped people and their family members throughout the region. [passage omitted]

During the congress Deng Pufang also delivered a speech in which he stated: If a country or society fails to successfully deal with the problems of handicapped

people, such a country and society would also be handicapped. He urged the region, by using the Handicapped People's Federation and holding high the banners of socialist humanitarianism, patriotism, and collectivism, to adopt effective measures to do a realistically good job in dealing with problems with regard to making job arrangements and conducting education and health recovery for handicapped people. He wished localities throughout the country to strive to generally take a unanimous step in bringing about greater improvement in the treatment for handicapped people by the end of this century and in gradually shortening the gap between the development of undertakings for handicapped people and that of society and the economy.

The congress successively received congratulatory telegrams from the Handicapped People's Federations of Beijing Municipality, Liaoning Province, Heilongjiang Province, and Ningxia Hui Autonomous Region. Attending the congress to extend congratulations on the regional Handicapped People's Federation's establishment were representatives from the regional Trade Union Council, the regional Women's Federation, the regional CYL Committee, various leagues and cities, the regional branch office of China Kanghui Travel Agency, and units and departments concerned.

During the congress the delegates elected 72 comrades for the first Presidium of the regional Handicapped People's Federation, the president of the regional Handicapped People's Federation Executive Committee, and members for the regional Handicapped People's Federation Appraisal Committee. The namelist of these newly elected personnel is as follows:

Chairman of the Presidium: Wen Jing

Vice chairmen of the Presidium: Wang Xin, Yun Dehou, Wei Xuan, Bao Wenfa, Yu Rong, Yun Tao, Cui Zelin, Erduntaotuke, and Dong Xiuge.

President of the Executive Committee: Yun Dehou.

Chairman of the Appraisal Committee: Liu Zhongling.

Vice chairmen of the Appraisal Committee: Daorji and Surongzhabu.

Inner Mongolia Democratic Meeting Ends
SK2812130088 Hohhot NEIMENGGU RIBAO
in Chinese 11 Dec 88 p 1

[Text] After a 4-day session the 1988 Inner Mongolia Autonomous Regional Committee of China Association for Promoting Democracy work conference concluded in Hohhot City on 9 December.

The work conference's major tasks were to relay, discuss, and study the work report delivered at the Sixth China Association for Promoting Democracy Congress and to introduce the grand occasion of the sixth congress.

During the conference the responsible persons of the regional committee of the China Association for Promoting Democracy held a friendly discussion on the "issues" of participating in political affairs, carrying out political consultations, enhancing its self-improvement, fulfilling its function as a political party, and dealing with the relationship between the association's branches at grassroots levels and the CPC branches. Zhou Junqiu, director of the regional party committee's United Front Work Department, attended the work conference and delivered a speech in which he fully acknowledged that the organizations and all members of China Association for Promoting Democracy at all levels throughout the region had scored marked achievements in teaching and advising, while engaging in organizational and ideological construction, participating in political affairs, and carrying out political consultations and democratic supervision. He urged the China Association for Promoting Democracy organizations at all levels throughout the region, while earnestly implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee and successfully conducting consultation and supervision, to be able to partake in the party's cares and burdens, to take the situation as a whole into consideration, and to mutually safeguard the region's political situation of stability and unity.

Shanxi's Datong Coal Mine Begins Production
HK2812090388 Beijing CEI Database in English
28 Dec 88

[Text] Datong (CEI)—A coal mine with a designed annual capacity of 4 million tons started operation here on december 20.

The Yanzishan Coal Mine has recoverable reserves of 410 million tons. The coal is of fine quality. Each kilogram produces 1800 calories.

Located at the starting point of the Datong-Qinhuangdao Railway, the large coal mine can easily have its coal transported to Qinhuangdao Port.

Northeast Region

Serious Shortage of Electricity in Northeast China
HK2812094688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1345 GMT 26 Dec 88

[Text] Shenyang, 26 Dec (ZHONGGUO XINWEN SHE)—In Shenyang, the largest city in northeast China, factories have to suspend operation for four days a week due to the serious shortage of electric power, and resident households also can get electricity supply for only four nights a week.

At present the entire northeast region is shrouded by the shadow of the serious shortage of electricity. Mao Jinhui, a senior engineer and also a deputy director of the

Northeast Electricity Management Bureau, said with deep worry that this winter and spring, the northeast region will experience its most serious shortage of electricity in the past 10 years.

He said that as a major industrial base in China, the northeast region is short of 15 billion kilowatt-hours of electricity this year. This is equivalent to the electric power generated by a generator set with a capacity of 3 million kilowatts. In the whole region, about 20 percent of demand on electricity cannot be satisfied. [passage indistinct] economic construction and the people's daily lives.

This year the northeast region's economy grew at a rate of double figures. However, the generating capacity in the whole region can increase by only 5 percent a year. Due to this outstanding disproportion, a shortage of electricity is bound to appear.

Water storage in various large reservoirs in northeast China has reportedly dropped to a very low level rarely seen in the past 40 years. This has caused a loss of some 3 billion kilowatt-hours of electricity. In addition, coal supply in China also became strained this year, and transport facilities were inadequate. Some generator sets in various major thermal power plants could not operate to full capacity. This again caused a loss of at least 2.5 billion kilowatt-hours of electricity. Thus an extremely serious shortage of electricity appeared in the second half of 1988.

At present the electricity department in the northeast region is taking some urgent and expedient measures to meet the pressing needs. First, safe production is guaranteed to generate as much electricity as possible, and efforts are made to prevent all possible industrial accidents which may disrupt production. Second, the capital construction projects in the electric power industry are guaranteed so that they can be completed and put into operation according to the schedules. Third, localities are encouraged to raise funds to build their own small power plants to meet local needs. Fourth, generating equipment is being transformed to a better technical condition, and the generator sets are guaranteed to operate to full capacity.

Sun Weiben at Heilongjiang Party Meeting
SK2812092488 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 27 Dec 88

[Text] The provincial party committee held a meeting of prefectural and city party secretaries today to further implement the guidelines of the 3d plenary session of the 13th party Central Committee, summarize 1988's work and arrange 1989 tasks. Attending were leading comrades of the provincial party committee, Advisory Commission, People's Congress, government, CPPCC Committee, and Discipline Inspection Commission; secretaries of prefectural and city party committees; and principal responsible comrades of various provincial

departments, committees, offices, sections and bureaus, colleges and universities, administrative cadres institutes, and second-level bureaus.

Sun Weiben, secretary of the provincial party committee, gave an important speech at the meeting. In reviewing 1988's work, he pointed out: 1988 has been a year symbolized mainly by the emancipation of the mind and the productive forces. During this year we have grasped the main subject of further emancipation of the mind and the productive forces and, through the discussion on the criterion of productive forces, have narrowed the two gaps caused by our insufficient emancipation of the mind and weak sense of reform and by our inadequate performance of work, facilitated a sustained and stable economic development, and notably improved the economic results. Despite serious disasters, the grain output totaled 17.5 billion kg, marking another year of bumper harvest in our history. A balanced and stable growth of industry has been achieved. The annual industrial output value is expected at 45.3 billion yuan, 3 percent over the plan, and 9.5 percent over last year. Remarkable progress has been made in reform, and a group of good examples in urban and rural reforms have emerged. We have begun to implement the strategy of developing the province through science and technology, thus promoting the development of productive forces. The strategy of association with the south and opening to the north has been put into effect. New progress has been achieved in trade with the Soviet Union. We have actively explored a new way to maintain a clean and honest government through reform and establishment of necessary systems and have thus increased the visibility of party and government affairs and made our work procedures more public.

Comrade Sun Weiben said: The purpose of our reviewing past work is to upgrade our practice of work to rational knowledge, and to turn our experiences and lessons into wealth for future battles. In this sense we should pay all the more attention to the problems and deficiencies in our past work. We were unrealistically optimistic in evaluating the situation, underestimated the difficulties and hidden problems in reform and development, and were slow in sensing the overheated economy and inflation. Not until panic buying appeared and commodity prices rose sharply did we begin to regain soberness. Concerning the issue of stabilizing agriculture, we lacked earnest study of the numerous factors affecting the enthusiasm of peasants, and failed to invest more efforts to truly place economic results and science and technology in the strategic position of economic and social development. In the leadership work of the provincial party committee, policymaking was not democratic, scientific, and public enough, and theoretical study remained a weak link. All these problems require our efforts to overcome and solve in doing our future work.

Speaking on the situation, Comrade Sun Weiben said: When comprehensively analyzing the situation, we should, on the one hand, see the grim side to avoid

unrealistic optimism and lowering of our guard and, on the other, see the favorable side to avoid passiveness, pessimism, and loss of confidence. We should first thoroughly understand the difficulties and problems we encounter to remain sober-minded, even if we take them a little too seriously, so that we can enhance our sense of urgency.

Comrade Sun Weiben said: Our endeavor to improve the economic environment and rectify the economic order will provide new and favorable conditions for us to further carry out construction and reform successfully. In terms of the macroeconomy, this endeavor aims at reducing investment and checking the major overheated economic trend, and will provide a macroclimate for rectifying the guiding principles for economic work, and facilitating a benign circle and a long-term stable development of the economy. In the process of improvement and rectification, we have reduced social demands, increased effective supply, reduced oversupplied goods and increased undersupplied goods to provide a basis for readjusting the investment pattern, production setup, product mix, and enterprise structure. The overall shortages of funds, power, means of transportation, and raw materials forced us to take the new road of developing production under the condition of reducing the input of inanimate labor. This has provided a good opportunity for implementing the strategy of developing the province through science and technology.

The acute shortage of raw materials for producing some readily marketable goods and the serious lack of stock of some consumer goods will force enterprises to turn to markets outside the province and country. Under the condition of improvement and rectification it will no longer work for enterprises to ask for more tax reduction and for keeping a bigger share of profits. They have to find a way out through deepening their own reform, applying competition on their own accord, and reinforcing the mechanism of restriction. Reduction of the scope of capital construction and retrenchment of credit funds forced us to take the road of readjusting and optimizing the fixed assets in stock. This has provided a good opportunity for the growth of the market of the major elements for production. Our efforts to draw lessons from the past loss of control and to strengthen control in the fields of planning, commodity prices, credit, material allocation, industrial and commercial administration, and taxation have provided a rare good opportunity for improving the macroeconomic regulation and control. Elimination of economic chaos and control over price raises will be able to stabilize the people's feelings. Elimination of official and private racketeering and strengthening of tax collection from the individual and private economies will solve, to a certain extent, the problem of a few people suddenly becoming rich through illegal means. Straightening out and consolidating companies, eliminating collaboration of government and enterprises, and strengthening restriction through discipline are very conducive to maintaining a clean and

honest government. They not only help alleviate social contradictions but also are conducive to consolidating the stable and united political situation.

Speaking on next year's work Comrade Sun Weiben said: The guiding principle for the provincial party committee's work next year is to let the guidelines of the 3d plenary session of the 13th party Central Committee play a dominant role in overall work. Efforts should be made to resolve the following issues emphatically. We should comprehensively understand and resolutely implement the guidelines of the 3d plenary session of the 13th party Central Committee and use the criterion of productive forces to properly handle the relationship between the endeavor of improvement and rectification on the one side, and reform and development on the other. The key to improving the economic environment and rectifying economic order lies in properly restructuring our province's economy. We should use the opportunity of improvement and rectification to resolve development difficulties and invigorate large and medium-sized enterprises. We should conscientiously strengthen agriculture, which is a foundation. We should develop education and facilitate scientific and technological progress. We should continue to implement the principle of taking education as the foundation and developing the province through science and technology. We should also accelerate the implementation of the strategy of association with the south and opening to the north. Meanwhile, we should wage struggles against corruption and keep party and government organs clean and honest. After holding discussions on the criterion of productive forces, we should conduct education on the current situation and tasks.

Sun Weiben stressed: It is necessary to give play to the party's central and leading role and increase its ability to control contradictions and the overall situation. Leading bodies at various levels should become more capable of enduring pressures and taking on contradictions, take more interest in studying theory, and increase the ability to study practical problems, to make policies in a scientific manner according to changing conditions, to make organization and coordination to promote performance of work, and to restrict themselves.

Comrade Sun Weiben said: The provincial party committee hopes that party organizations at various levels throughout the province and the masses of party-member cadres will arouse their spirit, make progress despite difficulties, unite as one, make unremitting efforts, and lead the people throughout the province to work hard, with stand the tests, and comprehensively fulfill the tasks for 1989.

Heilongjiang City Elects New Party Secretary
SK2912075888 Harbin HEILONGJIANG RIBAO
in Chinese 11 Dec 88 p 1

[Text] The Daqing City held its fourth party congress from 5 to 9 December.

Through an election by secret ballots, 29 members and 4 alternate members of the fourth Daqing City CPC Committee were elected. Zhang Hong [1728 6575] was elected secretary of the city party committee. Tang Xier [3282 6932 6310] was elected secretary of the city Discipline Inspection Commission.

Bank To Provide Loans to Heilongjiang Oil Field
HK2612140288 Beijing CEI Database in English
26 Dec 88

[Text] Beijing (CEI)—The Bank of China will provide 600 million U.S. dollars of foreign exchange loans to Daqing Oilfield in northeast China's Heilongjiang Province.

The money will be used to construct Saertu and Chaoyangou oilfields in Daqing. The two oilfields will produce 32.22 million barrels of crude annually after completion.

Since 1979, the bank has reached agreements with Daqing, Shengli, Liaohe, Zhongyuan, Jilin and 16 other oilfields on foreign exchange loans. The agreements involved 4.29 billion U.S. dollars, which will be spent on the construction, technical renovation and building of petroleum pipelines of the oilfields. The output of the oilfields will be increased by 134.12 million barrels after the projects are completed.

Jilin Grain Procurement Achievement Reported
SK2512111188 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 19 Dec 88

[Excerpt] To date our province has overfulfilled the state fixed-quota purchase assignment of 4.3 million ton of grains and become the first to fulfill the state grain assignment among the eight provinces, municipalities, and autonomous regions of northern China.

The province's grain procurement in 1988 has been the best in both speed and in quality and quantity. The province has encountered greater difficulties in grain procurement this year because of various factors, which are as follows: 1) It is hard for the province to procure grains because of the price hikes on agricultural production means and the prices of fixed-quota purchase grains being on the low side. 2) The gap between prices arranged for various grains is larger than before and (?has brought about a decrease in voluntary sales). 3) Funds for procuring grains are seriously insufficient, which has caused difficulty in procuring grains because many promissory notes have to be issued.

However, under such a circumstance party committees and governments at all levels have paid great attention to carrying forward the party's glorious tradition of getting a hold on grains and taken the work of procuring grains as the center of rural economic work. The provincial party committee and people's government have also contended that some provinces and regions in southern China have shown a decrease in grain output because of

disasters, but our province has reaped a bumper grain harvest this year. Therefore, they have directed the grain procurement by taking the country's whole situation into account and displaying the spirit of being highly responsible for the party and the people and have grasped grain procurement as they did grain production. The provincial party committee and people's government have successively convened five meetings to discuss the special topic of grain procurement and held two emergency telephone conferences to make work arrangements. They have issued documents and telegrams on six occasions to conduct guidance in a timely manner for grain procurement. Leading comrades have gone deep into rural villages, threshing yards, grain warehouses, and farm households on many occasions to learn about the situation, to conduct guidance, and to extend regards to the grain delivery peasants and the staff members and workers of grain warehouses. Principal leading personnel of various cities, prefectures, autonomous prefecture, and counties have taken personal charge of the work, gone to the forefront of grain procurement, conducted on-the-spot guidance at grain warehouses, and dealt with the problems that have cropped up in grain procurement in a timely manner. Many leading bodies of cities and counties have grasped grain procurement by signing a contract on the procurement in a township or county. [passage omitted]

Jilin Crude Oil Output Prefulfills Plan
SK2412082588 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 23 Dec 88

[Text] As of 22 December the Jilin provincial oil field administration had produced a total of more than 3.05 million tons of crude oil, prefulfilling the state crude oil production plan by 9 days and surpassing the annual target of 3 million tons of crude oil.

Since its establishment more than 20 years ago the Jilin oil field has unceasingly developed production and has surpassed the target of producing 1 million tons of crude oil on three occasions. At present the broad masses of petroleum workers of the Jilin oil field are preparing for next year's production and construction with the spirit of working in unity, fighting with indomitable and realistic efforts, and making progress, and are striving to achieve even greater development in next year's crude oil production.

Jilin Planning Conference Ends 21 Dec
SK2512121388 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 21 Dec 88

[Text] After a 3-day session the provincial planning conference concluded on 21 December. Wang Zhongyu, deputy secretary of the provincial party committee and vice governor, delivered a summary speech at the conference.

It was stressed at the conference that efforts should be made to earnestly implement the guiding principle of improving the economic environment, rectifying economic order, and conducting reform and construction; that a good job should be done in conducting economic work in 1989; and that efforts should be made to seek economic results while carrying out readjustment and to seek development while stabilizing the situation.

In his speech, Comrade Wang Zhongyu pointed out: The basic way out for 1989 economic work lies in achieving new development in the fundamental tasks of optimizing the economic structure and increasing economic results by emphasizing the work of improving the economic environment and rectifying economic order; in scoring better results in basic fields, such as readjustment, control, stabilization, reforms, and development; and in successfully making overall arrangements for the national economy, social undertakings, and the people's livelihood. He stressed that to fulfill various plans for 1989 in an overall way we should emphatically do a good job in grasping the following six tasks: 1) Efforts should be made to grasp the task of improving the economic environment, and rectifying economic order and to vigorously readjust the economic structure. In readjusting the rural production structure, it is imperative to have the readjustment suitable for local conditions, to refrain from running counter to economic and natural laws, and to readjust it step by step and in a planned manner. A focal point in readjusting industries should be placed on readjusting the structure of products, production, and enterprise organizations.

2) Efforts should be made to further implement various measures for improving the economic environment and rectifying economic order, to resolutely bring the extremely rapid growth of social demands under control and to improve inflation. In 1989 localities throughout the province should do a good job in conducting control in five fields, such as bringing under control the speed of price hikes, the scale of investment in fixed assets, the purchasing power of social institutions, and consumption funds.

3) Efforts should be made to stabilize the economy, to increase effective supplies, and to do a good job in making arrangements for the people's livelihood. In stabilizing the economy, first of all we should have a stable focus. Judging from the province's situation, the focus in rural areas should be placed on stabilizing grain production. In urban areas the focus should be placed on stabilizing backbone enterprises. Rural areas should also stabilize markets and do a good job in making arrangements for the people's livelihood. On this basis efforts should be made to keep the growth of the province's economy stable.

4) Efforts should be made to (?maintain the main orientation of economic development) and to achieve new progress in increasing economic results.

5) In improving the environment and rectifying order, (?it is imperative) to have the reform drive realistically achieve progress. In deepening the reform drive, it is imperative to uphold the focus of deepening reform among enterprises.

[passage indistinct] Efforts should be made to continuously study and implement the spirit of the third plenary session; to conduct situation education throughout the province; and to upgrade the consciousness of cadres, staff members, and workers in implementing the principles and policies adopted at the 3d Plenary Session of the 13th CPC Central Committee. We should enhance the party's ideological and political work and bring the party's political strong point into play. Governments at all levels throughout the province should perform their official duties honestly and truly do [words indistinct] for cadres and the masses of (?various nationalities).

Jilin Foreign Export Trade Work Conference Ends
SK2512094588 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 24 Dec 88

[Excerpt] The provincial conference on foreign export trade work ended today. It was pointed out at the conference that the emphases of next year's foreign export trade are to continuously deepen the structure of foreign export trade; improve and consolidate the environment for foreign export trade; combine foreign trade with industry, agriculture, and animal husbandry; readjust the product mix; broaden business channels; further expand foreign export trade; and rapidly end the wavering situation, in an effort to achieve a steady increase in exports and foreign exchange earnings.

The provincial government held this conference. At the beginning of the conference Vice Governor Gao Wen gave a speech on how to further improve foreign export trade and to actively increase foreign exchange earnings through exports.

Wang Zhongyu, deputy secretary of the provincial party committee, summarized the conference.

The conference pointed out: Next year the province's foreign export trade tasks will be very arduous. Whether or not foreign trade enterprises have intensified their vitality, improved their systems, and displayed their enthusiasm have a direct bearing on the fulfillment of the tasks of foreign export trade. Therefore, we must deepen structural reform of foreign trade. The emphases of reform are to improve the enterprise contract systems, extensively introduce the competitive mechanism on the basis of introducing the mechanisms of self-management and self-regulation to enterprises and making them responsible for their own losses and profits so as to make them have ability to develop themselves, and select the best managers. In addition, we should realistically grasp

all internal supporting reforms among enterprises, further promote the development of optimum organizations of labor, and actively try out the mortgage contract method for risk-taking among all workers. Enterprises, if conditions permit, should implement the method of basing their total payroll on their results in creating foreign exchange through exports and try out the stock-sharing system in a step-by-step manner. We should explore ways to develop joint stock business among foreign trade enterprises. All foreign trade enterprises should exert efforts to increase economic results and enhance their sense of cost, expenses, circulation, and accounting. It is also necessary to strengthen ideological and political work among workers and to establish a highly effective system for managing foreign trade enterprises. [passage omitted]

Jilin Discipline Inspection Commission Meets
SK2812123488 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 27 Dec 88

[Excerpts] On 27 December the second plenary session of the second provincial Discipline Inspection Commission defined that the general guiding ideology for 1989 work is to deeply implement the guidelines of the 3d plenary session of the 13th party Central Committee, adhere to the standards for productive forces, and strengthen the building of party style and party discipline by focusing on investigating and dealing with various cases and on eliminating dishonesty and corruption among party and government organs in order to ensure a smooth progress in the improvement of the economic environment, the rectification of the economic order, and the deepening of reform.

The session's participants listened to and discussed the report given by Li Deming, provincial party committee Standing Committee member and provincial Discipline Inspection Commission secretary, entitled: Strengthen Party Discipline, and Ensure the Smooth Progress of the Improvement of the Economic Environment, the Rectification of Economic Order, and Deepening Reform. Participants also summed up 1988 work, and made arrangements for 1989 work. [passage omitted]

The session pointed out that the tasks for the 1989 discipline inspection work will be arduous. The focal points of the work are: Strengthening discipline inspection methods; intensifying the investigation and handling of various cases; ensuring the implementation of the measures for improving the economic environment and rectifying the economic order; helping party committees and governments maintain high standards of ethical and professional integrity; adopting effective measures to constantly strengthen and improve the inner-party supervision; deepening structural reform and construction in line with the improvement of the economic environment and the rectification of the economic order; and attending to the self-construction of discipline inspection organs in order to strengthen the vitality of the discipline inspection work.

Attending the session were Zhao Yongji and Li Qinghai, deputy secretaries of the provincial Discipline Inspection Commission; 6 Standing Committee members of the commission; and 24 members of the commission.

Jilin Advisory Commission Holds Plenary Session
SK2812123088 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 27 Dec 88

[Excerpts] The second plenary session of the second provincial Advisory Commission ended in Changchun on 27 December.

During the session committee members attended as observers the second plenary session of the fifth provincial party committee. After the plenary session of the provincial party committee concluded, the provincial Advisory Commission continued to hold its plenary session. At this session Zhang Fengqi, provincial Advisory Commission chairman, delivered a speech. This session reviewed the the provincial Advisory Commission's work done over the past year and studied and arranged for the 1989 tasks. [passage omitted]

In combination with the implementation of the guidelines of the 13th National Party Congress and the 3d plenary session of the 13th party Central Committee, and in line with the tasks set forth by the second plenary session of the fifth provincial party committee, this plenary session of the provincial Advisory Commission made arrangements for the 1989 tasks. They mainly are: Organizing the committee members to study deeply the 13th National Party Congress documents and profoundly comprehend the essential guidelines of these documents; to undertake positively the work assigned by the provincial party committee; to be highly responsible for and concerned with the improvement of the economic environment and the rectification of the economic order; and to make due contributions to fulfilling the party's central tasks. At the same time, the committee members should be organized to enthusiastically conduct investigation and study as well as inspection work, to set an example in consciously resisting unhealthy practices, to show concern over the livelihood of old comrades, and to strengthen the self-construction of organs of the provincial Advisory Commission.

Committee members participating in this session also maintained: In the coming new year we should strengthen unity, work hard, maintain the original character of veteran cadres and party members, set examples for others, and make new contributions to the undertakings of the party and the people.

Present at this plenary session were Xiao Chun, provincial Advisory Commission vice chairman; Chen Hong, Feng Yingkiu, and Zhang Liming, provincial Advisory Commission Standing Committee members; and 27 provincial Advisory Commission members.

Liaoning Secretary on Education Drive
OW2312213688 Beijing BAN YUE TAN in Chinese
No 2, 25 Nov 88 pp 6-7

[Report on interview by staff reporters Min Fanlu and Pu Xiaojiang with Quan Shuren, secretary of the Liaoning Provincial CPC Committee, on educating the people on the current situation]

[Text] How should we begin the campaign to educate cadres and people on the current situation? On this subject, the reporters interviewed comrade Quan Shuren, secretary of the Liaoning Provincial CPC Committee, in Shenyang on 1 November. Quan Shuren, who had just returned from a survey of the Anshan steel mill, spoke about his experience and views.

Uncertainties: Why Have So Many Serious Problems Appeared When the Situation Is Good

Before launching the campaign to educate people on the situation, we must, in the first place, find out what their ideological problems are, where their uncertainties lie. After my survey and conversations at the Anshan steel mill I discovered that the uncertainties harbored by many cadres and workers do not mean that they doubt the achievements of reform during the last 10 years. In fact, they have personally experienced the great changes reform has brought, and sincerely support it. The main uncertainty in their mind is: Since the situation of reform is so good, why have so many serious problems appeared

Cadres and people have shown great concern for the study and implementation of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. The degree of this concern is one rarely encountered in recent years. They fully support the policy of improving the economic environment and rectifying economic order, and believe that it has pinpointed the issues that are closest to the people's heart and need to be solved most urgently. They hold high hopes for finding a solution to these issues, and demand instant results from the solutions to curb price increases. They demand that investigation and punishment for bureaucrat profiteering be as strict as possible. They are very concerned whether improvement and rectification can actually solve the problems, and whether reform will be affected.

The education campaign should strive to clear up these uncertainties in the people's minds.

Difficulties: People Lack Sufficient Confidence in Finding Solutions to Current Problems

The difficulty in the education campaign is that some cadres and workers have developed less trust in the party and the government, and do not have enough confidence that current problems will be solved. For the education campaign to succeed we must overcome this difficulty.

Why is there insufficient confidence? Some people have come to treat difficulties and problems too seriously. Others feel that, in the past, decisions of the central authorities have not been earnestly implemented or fulfilled. Many violations have not been conscientiously investigated and dealt with but simply left to fade away. Some have not been able to distinguish improvement and rectification from reform. Some have placed too high hopes on a solution to their problems, wishing to see "instant results" in every case, regardless of whether these solutions meet the specific demands when judged in terms of the criteria for improvement and rectification. We must analyze these problems seriously, and, using a realistic approach, provide answers to each and everyone of them.

Key Points: Cadres of Leading Organs and Above Workshop Level in Enterprises

The main target in this education campaign should be cadres in leading organs and above workshop level in enterprises. The key to whether the various measures of the 3d Plenary Session of the 13th CPC Central Committee for improvement and rectification are implemented lies in whether cadres have reached a common understanding. Currently most of these ideological problems, such as hesitation and countermeasures against actions of higher authorities, has appeared mainly among cadres. How this problem of common understanding among cadres is resolved will also directly affect common understanding among the people.

Therefore, the education campaign, in principle, should begin with the leaders, to be followed by the people. It should be carried out from top to bottom, within the party first and then outside, and conducted at every level. We must make it clear that the education campaign is not meant for cadres to solve the people's ideological problems. Cadres must be educated first to solve their own ideological problems.

Methods: Pursue Education Together With Actions

To make the education campaign a success we must heed the following points: First, we must find out the factors that mold the people's thinking, analyze them, find the proper solutions, and in some cases, unfold the education campaign on all fronts. Second, we must include the improvement and rectification measures of the party Central Committee, State Council, the province, and the cities as the main content of the education campaign, and integrate them with the measures to tackle actual problems so that the people can see that this time the authorities are serious. Third, we must integrate the education campaign with the deepening of reform to dispel any anxiety on the part of the people that improvement and rectification will cause enterprises to fail, forcing reform to roll back. Fourth, we must organize discussions and dialogues; these are effective methods for carrying out the education campaign. Leading cadres should meet and sincerely exchange views with

the people. They should speak the truth and not try to avoid difficult issues. They should treat the people equally and let them speak out so that their opinions, including opposing views and sharp criticisms, can be heard in full. We must take a realistic approach and admit our shortcomings and mistakes.

Criteria: Look for Common Understanding, Actions, and Results

How should we judge whether this education campaign is a success or not? There should be three criteria. First, we must judge whether the vast numbers of cadres and people have reached a common understanding on the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and ensure that everyone in the party has reached a common understanding in line with that of the Central Committee. Second, we must judge whether actions have been taken to implement the series of corrective measures put forward by the party Central Committee, the State Council, and the province. Third, we must judge the results, and see whether the demands and targets set by the central authorities for improvement and rectification have been achieved.

In general, we must insist on reaching a common understanding, executing our policies, and achieving actual results. We must integrate and implement them throughout the education campaign. The main purpose is to raise the people's confidence in the situation, in reform, and in China's future.

Quan Shuren Speaks at Liaoning Business Forum
SK2812121388 Shenyang LIAONING RIBAO
in Chinese 11 Dec 88 p 1

[Text] A few days ago at a forum of some entrepreneurs of an advisory group, Comrade Quan Shuren, secretary of the provincial party committee, said: What should an enterprise do if there is a lack of raw materials and funds? The answer is: On the one hand, the provincial and city managerial departments should try every possible means to relieve the shortage; and, on the other hand, the enterprise itself should strive to improve its managerial expertise and think of ways to practice economy and tap potential, which are the only ways out for it at present.

It is good for an enterprise to tap its internal potential to relieve its shortage of floating funds and draw together the idle funds to serve production. Of course, the existing funds of banks should be spent on key projects which should be guaranteed. In using these funds we should be sure of what should be guaranteed, instead of using them blindly.

The serious shortage of funds is a temporary phenomenon. Through the control over the scale of capital construction, the market prices will be cut down and the

panic-stricken mentality of the masses will be eliminated. Therefore, in the long-run, the endeavor to improve the economic environment and rectify the economic order will bring advantages, not disadvantages, to enterprises.

The product mix of machinery industrial enterprises should be readjusted according to the changes in the market; and the product mix of some other enterprises should be readjusted in line with the demands on foreign markets. Some enterprises should conduct readjustment in production structure and should strive to make big strides. The internal reform of enterprises themselves should not be slowed down, because the slowing down of this reform will prevent enterprises from further development. Great efforts should be made to study ways to solve problems with regard to the enterprise shareholding system, the system concerning enterprise labor organizations, the system of eating from a common big pot, and the distribution system.

At present, enterprises are actually confronted with difficulties; and all enterprises must stand a test. This situation forces us to improve our managerial expertise through improving the economic environment and rectifying the economic order. Entrepreneurs should understand this issue and seize this opportunity to learn from the good experience of foreign countries in order to push enterprises onto a new stage. This is a task facing all enterprises. With an improvement in the competitiveness of our enterprises, we will be able to create an excellent situation.

Northwest Region

Gansu Commends Advanced in Afforestation
HK2412023188 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 22 Dec 88

[Excerpt] A provincial commendation meeting for advanced collectives and individuals in afforestation and prevention of forest fires was held in Lanzhou yesterday afternoon. [passage omitted]

The meeting was presided over by Vice Governor Lu Ming; and Governor Jia Zhijie delivered a speech. Attending were Li Ziqi, Wang Bingxiang, Xu Feiqing, Ge Shiyang, Wang Zhanchang, Wang Jintang, Xing Shizhong, Wen Jinyi, Wang Daoyi, and other leading comrades.

Shaanxi Satellite Center Ignites Satellite Motor
HK2812073988 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 25 Dec 88

[Text] At 0954 yesterday the Xian satellite test and control center succeeded in igniting the apogee motor of a satellite in space, thus putting the satellite into standard synchronous orbit. A telemetering conducted by this center indicated that the satellite was operating well after ignition.

Changes in Mainland, Taiwan Relations Noted
HK2812084288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0840 GMT 26 Dec 88

[Roundup: "A Breakthrough Has Been Made in Relations Between the Two Sides of the Strait"—ZHONGGUO XINWEN SHE Headline]

[Text] Hong Kong, 26 Dec (ZHONGGUO XINWEN SHE)—In 1988, a breakthrough has been made in relations between the two sides of the strait. The great fervor of visiting relatives on the mainland has continued, nongovernmental exchanges have increased, economic and trade activities have been developed more frequently, and channels for contacts have been expanded. All these have been the characteristics of the relations between the two sides over the past year.

Reviewing the new development of the relations between the two sides since this year, descendants of the Emperors of Yan and Huang at home and abroad are inspired by the following progress:

As far as human relations are concerned, since the Taiwan authorities announced on 20 November last year their policy of allowing Taiwan people to visit their relatives on the mainland, more than 300,000 Taiwan compatriots have, within a period of 1 year, come to the mainland to visit their relatives or to go sight-seeing. The relevant departments on the mainland have enthusiastically received Taiwan compatriots, and provided every convenience for them, so that people on the two sides of the strait, who have been separated for a long time, can fulfill their long-cherished wish for reunion. There is no denying the fact that relations between the two sides have been changed from confrontation to the present situation of harmony and amiability. Apart from visiting relatives, people on both sides of the strait have also begun regular correspondence. According to statistics compiled by the Red Cross Society in Taiwan, the society has transferred 1.4 million letters from Taiwan people to their relatives on the mainland. On average, more than 18,000 letters have been exchanged daily between the two sides. Relatives on both sides have truly enjoyed the happiness of receiving letters from home, which are "more precious than gold." In the meantime, the Taiwan authorities have also allowed mainland people to attend relatives' funerals, or visit their relatives in Taiwan who are ill. They invite outstanding personages on the mainland and mainland students studying abroad to visit Taiwan, so that the former "one-way" method governing the visit of relatives on the mainland has now, restrictively, been changed into the "two-way" method. The restrictions are now being relaxed gradually.

In the economic and trade field, economic and trade relations between the two sides of the strait have been further developed since this year, and their volume of indirect trade has increased very rapidly. Taiwan has again and again relaxed its restrictions on the imports of

agricultural and industrial raw materials from the mainland (apart from the 50 kinds of agricultural and industrial raw materials from the mainland, Taiwan has planned to approve the imports of additional 20 kinds of raw materials). The number of Taiwan manufacturers who invest on the mainland has increased. The role of the trade of each helps supply what the other needs and this has become increasingly obvious. According to figures issued by the Taiwan economic and trade departments, the volume of indirect trade between the two sides this year will reach \$2.5 billion, which is much greater than last year's \$1.6 billion. From January to September this year, more than 200 Taiwan manufacturers invested in the mainland, and 115 investment projects of Taiwan investors valued at \$70 million have been approved by the mainland authorities. It is expected that the investment figure for the whole year will be close to \$100 million. The figure is higher than any previous year. Under the pressure of U.S. trade protectionism, the populous mainland with great market potential has become an ideal place of Taiwan manufacturers for opening up new markets and seeking new opportunity for investment. The China Economic Research Institute in Taiwan sent more than 10 persons to the mainland to make an inspection on such issues as economic reform, trade, investment, and so on. Personages in economic circles in Taiwan point out: At present, economic and trade relations between the two sides have been gradually changed from helping supply each other's needs into competition. To promote the great cause of reunification, there is no reason for Taiwan to hamper economic and trade relations between the two sides. The expansion of such relations is truly unavoidable. Instead of passively impeding them, it will be better for the Taiwan authorities to take positive action to rapidly work out a definite policy. This will be beneficial to upgrading Taiwan's industry, and enhancing the industrial level of the mainland.

As far as nongovernmental exchanges are concerned, with the continuation of the great fervor of visiting relatives on the mainland, nongovernmental exchanges between the two sides this year have become more and more active, including cultural, academic, and sports exchanges and so on. Taking the opportunity of visiting their relatives on the mainland, Taiwan personages in the cultural field organized delegations on several occasions to visit the mainland. Under the pressure of public opinion, the Taiwan authorities were compelled to allow three Taiwanese scientists to attend an annual meeting of the International Scientific Association held in September of this year in Beijing. In November, a decision was made to allow Taiwan delegates to participate in the international meetings and cultural and sports activities held on the mainland. The Taipei Olympic Committee has stated that it will send athletes to participate in six international sports events to be held on the mainland next year. The Taiwan Sports Association has recently approved the plans on the aims and training of Taiwan athletes who will take part in the Asian Games to be held in Beijing in 1990. In addition, some legal problems have

occurred with the progress in exchanges. Legal departments on the two sides intend to establish an intermediary organ in Hong Kong with the aim of effectively solving legal disputes between the two sides.

The Taiwan authorities have still stuck to their "three no's" stand with regard to their current policy toward the mainland. Restrictions on Taiwan people going to the mainland have been relaxed, but there are still rigid restrictions on mainland people going to Taiwan. Exchanges between the two sides are still confined to the nongovernmental level. However, public opinion maintains that political problems of the two sides must be completely separated from nongovernmental exchanges, and that confrontation in ideology must not impede normal contacts and mutual understanding of the people of the two sides. As far as the present state of affairs is concerned, the two sides have shared much common grounds. For example, they hold an identical view on the issue of reunification. They have a common desire to develop the economy and improve the welfare of the public. Therefore, apart from nongovernmental exchanges, the two sides must have contacts at a higher level. Blood is thicker than water, and the cultural traditions of the two sides are very closely connected. With such profound national feeling, the two sides will certainly be able to seek a way to realize the reunification of the motherland as early as possible. The year 1988 will soon be over. People are looking forward to more breakthroughs in the relations between the two sides in the new year.

Taiwan Organization Elects Leaders

HK2412055388 Beijing ZHONGGUO XINWEN SHE
in Chinese 1149 GMT 15 Dec 88

["Cai Zimin Elected New Chairman of Taiwan Democratic Self-Government League"—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 15 Dec (ZHONGGUO XINWEN SHE)—Today, in the annual election of the presidium of the Taiwan Democratic Self-Government League, 68-year-old Cai Zimin, a member of the former 5-member presidium, was elected to succeed Lin Shengzhong as chairman of this organization.

Cai Zimin was born in 1920 in Zhanghua County, Taiwan Province. He studied at Japan's Waseda University. After the recovery of Taiwan, Cai was editor in chief of TSU YU PAO in Taipei and participated in the February 28 uprising. After coming to the mainland, he was once appointed cultural attache at the PRC Embassy in Japan. He is now a member of the NPC Standing Committee and a member of the Executive Council of the China Association for Promotion of International Friendship.

According to the charter of the Taiwan Democratic Self-Government League, the league is led collectively by a 5-member presidium with a 5-year tenure, and the chairman of the presidium is elected every year. An incumbent chairman can be reelected. If a new chairman

is elected, the former chairman remains a member of the presidium. At present, the five members of the presidium are Cai Zimin, Lin Shengzhong, Wu Ketai, Chen Zhongyi, and Wu Guozhen.

Taiwan Investments in Fujian Increasing

OW2312193788 Beijing XINHUA in English
0637 GMT 22 Dec 88

[Text] Fuzhou, December 22 (XINHUA)—Fujian Province has approved the establishment of over 100 Taiwan-funded enterprises with a total investment of 78.206 million U.S. dollars during the first ten months of the year, 1.9 times the amount in the same period of 1987, XINHUA learned here today.

According to Cheng Zhuwu, chairman of the provincial foreign-funded enterprises association, last year there were only 42 Taiwan-funded enterprises in the province, with a total investment volume of 27.17 million U.S. dollars.

Some 655 foreign-funded enterprises with a total investment volume of 350 million U.S. dollars were approved in the first ten months of the year.

Last year 72,500 Taiwan residents came to visit their relatives on China's mainland. Among them, 18,000 were businessmen.

A survey made by the provincial association for foreign-funded enterprises showed that Taiwan businessmen are interested in shoe making, garment production, electronics, petrochemicals, machine-building industry, building materials and 13 other sectors.

According to Lin Hui, a member of the provincial economic and trade commission, 35 Taiwan-funded projects have already been put into operation.

During the January-October period Xiamen had approved 64 Taiwan-funded enterprises with a total investment volume of 64 million U.S. dollars, 43 percent of the province's total joint-venture projects, Chen said.

"This surpasses the investment in Fujian by Hong Kong and Overseas Chinese, and foreign businessmen in Xiamen," Chen noted.

A Taiwan businessman said that the area's cheap labor and plentiful raw materials make it attractive for investment, "but more important is that the Taiwan economy is now facing a transition phase and it needs overseas investments to help it keep up with the competition in the international market."

Provincial economists say that the investment volume from Taiwan is expected to rise sharply in the near future. The city of Quanzhou, for instance, is conducting negotiations with Taiwan businessmen on over 200 projects.

Xiamen Investment Figures

*HK2312114388 Beijing CEI Database in English
23 Dec 88*

[Text] Xiamen (CEI)—Taiwan businessmen invested 57.33 million U.S. dollars in Xiamen City, accounting for 53.6 percent of the total investment by foreign and Overseas Chinese businessmen in January-September period, taking the first place. According to statistics released by departments concerned in Xiamen, east China's Fujian Province, some 58 projects, or 43.6 percent of the total 133 joint ventures approved in January-September period in the city, involve investment by Taiwan businessmen.

So far, Taiwan businessmen have invested 108 million U.S. dollars in Xiamen. The city's number of Taiwan-funded enterprises established between January-September period tripled that of the past three years, increasing from three in 1985 to the present 78 [figures as received].

Jiangsu Governor Fetes Taiwan Delegation

*OW2812062488 Nanjing Jiangsu Provincial
Service in Mandarin 1015 GMT 22 Dec 88*

[By station correspondent Chen Gengmin]

[Excerpt] A 29-member Taiwan information and relative-visiting observation group led by Mr Wang Xinwen, general manager of the Taiwan Guoqiao Computer Company Limited, arrived in Nanjing for a visit on the afternoon of 19 December.

The observation group is made up of famous and young entrepreneurs with fine business records from Taiwan's computer circles.

In the evening, Governor Gu Xiulian warmly received the group members at the provincial government office, welcoming them to visit relatives and carry out observation in China. Both parties expressed the wish to improve understanding and cooperation through this visit. After the meeting, Governor Gu Xiulian hosted a dinner at Jingling Hotel to entertain the group. [passage omitted]

Inner Mongolia Holds Taiwan Compatriot Congress

*SK2712104188 Hohhot Inner Mongolia Regional
Service in Mandarin 1130 GMT 26 Dec 88*

[Text] The second Inner Mongolia Autonomous Regional Congress of Taiwan Compatriots opened in Hohhot today. Forty-two regular delegates from 10 leagues and cities of the region and 3 specially-invited delegates who had come from Taiwan for [words indistinct] attended the opening ceremony. Qian Fenyong, deputy secretary of the autonomous regional party committee, attended to extend congratulations on behalf of the autonomous regional party committee. Guo Pingtan, vice president of the All-China Federation of Taiwan Compatriots, also attended. (?Also attending) were (?representatives) from relevant departments of the autonomous region, the various democratic

parties, the federation of industry and commerce, the federation of returned Overseas Chinese, people's organizations [words indistinct].

Major items on the agenda of this congress are to discuss the work report of the first council of the Inner Mongolia Autonomous Regional Federation of Taiwan Compatriots and to elect the second council. At this morning's plenary session, (Zhao Jinshun) gave a report entitled "Hold High the Banner of Patriotism, and Make Contributions to the Reunification of the Motherland and the Rejuvenation of China."

Number of Taiwan Tourists, Businessmen Increases

*OW2512181188 Beijing XINHUA in English
1457 GMT 25 Dec 88*

[Text] Beijing, December 25 (XINHUA)—After the wave of visiting their relatives on the mainland, the Taiwan islanders start to focus their interest on tourism and business.

Tourists and businessmen accounted for well over 60 percent of those who came to the mainland in the second half of this year as against 31.4 percent in the six months before last April, according to a latest statistics released by the Exit-Entry Administration Bureau under the Ministry of Public Security.

Over the past year, since the Taiwan authorities lifted the ban on visits to relatives on the mainland, more than 385,000 Taiwanese have come and 14,000 of them are still here, said an official of the bureau.

Statistics shows that 64 percent of the Taiwanese are at or above 50 years of age, but the number of those below 40 is increasing. They go to the 30 provinces, cities, and autonomous regions on the mainland, but mostly to Guangdong and Fujian Provinces, Beijing, and coastal areas.

Due to various reasons, a number of Taiwanese visitors still remain on the mainland after the expiration of their permits. The official from the Ministry of Public Security hoped that they would leave within the fixed time as stated on the travel permits.

China Travel Service Receives Millionth Visitor

*OW2612211588 Beijing XINHUA in English
1541 GMT 26 Dec 88*

[Text] Beijing, December 26 (XINHUA)—A traveller from Taiwan today became the one millionth visitor to be received by the China Travel Service (CTS) this year.

According to CTS, it had received about 240,000 travellers from Taiwan by the end of November this year.

Liu Xinwu, a 64-year-old retired reporter, expressed his "extraordinary pleasure" at his trip to the mainland. He left for Taiwan 40 years ago and this was the first time for him to return.

U.S. Trade Talks Seen as 'Last-Ditch Effort'
*OW2912035388 Taipei CNA in English 0315 GMT
29 Dec 88*

[Text] Taipei, Dec. 29 (CNA)—The Government of the Republic of China will send a delegation to the United States Jan. 1 for an additional round of trade talks in a last-ditch effort to prevent the nation's biggest trading partner from taking trade retaliatory actions against it.

The delegation will be headed by Chiang Pin-kung, director general of the Board of Foreign Trade. The talks are expected to focus on ROC imports of U.S. turkey meat and its machine tool exports to the U.S., two of the most thorny issues in the increasingly close but tense trade relations between the two countries, government sources said.

The U.S. Government has warned that in response to the ROC's failure to open its market wider to American turkey meat, it is planning to invoke section 301 of the U.S. Trade act to retaliate against the nation by limiting ROC exports to the U.S.

Officials with the Council of Agriculture said the ROC Government is ready to raise the 1989 monthly import quota for U.S. turkey meat to between 400 and 500 metric tons but it would not accept a U.S. demand for a figure higher than 500 tons per month.

As to the timetable for the total opening of the local market to U.S. turkey imports, the officials said the ROC wants the time set at 1990 so that local chicken raisers would have time to prepare for the expected fierce competition.

Visiting Academics Urge Exchanges With PRC
*HK2812125688 Hong Kong AFP in English 1244 GMT
28 Dec 88*

[Text] Taipei, Dec 28 (AFP)—Taiwan should make concrete efforts to widen contacts with the mainland and allow Taiwan residents to invest in China to pave the way for reunification, visiting Chinese academics said here Wednesday.

"Asking the Chinese authorities to abandon Marxism or the four cardinal principles (of socialism) only reinforces hostility," Chinese academic Wu Mou-jen told a press conference at the end of a 10-day visit to Taiwan.

"It would be better for Taipei authorities to make concrete efforts in the best interest of the whole Chinese people," he said.

Mr. Wu and four other Chinese researchers are the first mainland academics to visit Taiwan in nearly four decades, since the nationalists fled to Taiwan after the communist victory in China.

The five leave Taiwan Thursday to return to the United States to continue research at universities there.

The group urged concrete moves on the part of Taiwan authorities, including financing for mainland academics, allowing Taiwan residents to invest in China and allowing visits by Chinese economic policy-makers, to promote understanding between the two sides.

Mr. Wu suggested Taiwan finance mainland academics to do research in Taiwan, mainland or industrialized countries through the establishment of a cultural foundation for the future development of China.

"Whatever China may develop in the future, it will have influence over Taiwan," he said.

The two economists in the group urged Taiwan authorities to allow local residents to invest in China and help create a climate for private enterprise, which could eventually pave the way for a reunification.

They asked Taiwan to open their doors to Chinese economic policy-makers who could gain from Taiwan's experience in developing the mainland.

The academics were invited by the semi-official Unity and Self-Reliance Association. While Taipei and Beijing both claim sovereignty over all China, Taipei has refused to develop any official links with Beijing.

But in November 1987, Taiwan lifted a 38-year ban to allow residents to visit the mainland for family reunions. In August, it allowed the import of 50 industrial and agricultural machines from China but still outlaws all investment and direct trade.

In November, Taipei permitted mainlanders to visit Taiwan to see ailing relatives and also welcomed a group of Chinese scholars.

The nationalist government said it would allow visits by selected mainland academics to promote understanding between intellectuals across the Taiwan Strait.

Taipei Radio on News Conference
*OW2912021788 Taipei Domestic Service
in Mandarin 2300 GMT 28 Dec 88*

[Text] Five students from the mainland studying in the United States are leaving for the United States today. Speaking at a news conference before their departure, they stressed the importance of exchanges between the two sides of the Taiwan Strait and thanked compatriots for their warm reception.

Hsu Pang-tai [Xu Bangtai] indicated that Taiwan should be able to do something culturally, educationally, and economically to promote relations between the two sides of the strait. He suggested that scholars in Taiwan form a group to visit the mainland.

Wu Mou-jen [Wu Mouren] suggested that Taiwan set up an educational and cultural foundation to help mainland intellectuals engage in research in the United States, Hong Kong, the mainland, or other places.

Fang Lizhi Formally Requests To Visit Taiwan

*OW2912004588 Taipei LIEN HO PAO in Chinese
17 Dec 88 p 1*

[Text] New York, 15 Dec (LIEN HO PAO America and Canada News Center)—Professor Fang Li-chih [Fang Lizhi] has formally put forward a request to visit Taiwan and is awaiting Taiwan's consent to his entry and the mainland's approval of his exit.

On 15 December Charles H.C. Kao, member of the board of directors of the Ming-teh Foundation of Taiwan and professor of the University of Wisconsin, received Fang's entry application, which had been mailed from Peiping, and immediately forwarded the application to the Ministry of Education in Taipei.

Fang said in his letter to Kao that the mainland authorities have not yet given him a definite reply to his request to visit Taiwan. He said: "Viewing things from outside China, I think that the relations between the two sides across the Taiwan Strait are indeed childish and far behind the times." He said: "I hope that academic exchanges will no longer be wrecked by that childish mentality."

Fang Li-chih's application was mailed on 11 December. Kao telephoned Fang on 15 December. According to Fang, the mainland authorities have not yet said anything about his request to visit Taiwan. Pakistan extended him an invitation to visit the country in February 1989 and mailed him a round-trip plane ticket. He has reported the invitation to the authorities, but has not yet received any answer.

Fang's wife, Li Shu-hsien [Li Shuxian], has also filed an application to visit Taiwan. If her application is approved she will come to Taiwan with her husband.

Indirect Trade With Mainland Via Hong Kong Up

*OW2412005088 Taipei CNA in English 0247 GMT
22 Dec 88*

[Text] Taipei, Dec. 22 (CNA)—The Republic of China's [ROC] indirect trade with the Chinese mainland through Hong Kong has broken the \$2.3 billion mark in the first 11 months of 1988, a significant increase over last year's \$1.5 billion, the China External Trade Development Council (CETRA) said Wednesday.

CETRA also estimated the figure would reach \$2.5 billion by the end of the year.

In step with the ROC's gradual relaxing of its mainland policy, indirect trade between the two sides of Taiwan Straits is growing rapidly. CETRA cautioned, however, that frequent trade disputes might be expected and that there was not much potential for development in Chinese mainland business.

In the past two months, Peiping's volatile attitude towards trading with the ROC has been seen by its cutting raw material exports, its shortage of foreign exchange reserves, and frequent changes in the execution of its policies. All of these factors may well influence and damage the interests of ROC investors and cause trade disputes, CETRA said.

Even worse for cross-Straits trade are Peiping's hostile attitude and its still frequent declarations to take Taiwan by force. These only increase concern over doing business with mainlanders, CETRA noted.

It added that the common weaknesses of communist countries such as inadequate energy development and basic infrastructure construction is fully revealed in the communist-controlled mainland China.

At the same time, mainlanders' limited consumption capacity is another factor unfavorable to trade growth, CETRA concluded.

PRC Chastised for Resorting to 'Name Games'

*OW2312211188 Taipei International Service
in English 0200 GMT 19 Dec 88*

[Station commentary: "The Name Game Again"]

[Text] The Chinese Communists are up to their tricks again with regard to the Chinese name game. We almost hate to call it that, because names are, after all, serious business. A lot is at stake, to say the least.

The name game involves Communist China's attempts to persuade foreign nations that the Republic of China, which was founded in 1912 and whose government still exists on Taiwan, no longer exists. Here we are, and here we have been. Yet Peking wants people to believe that we ceased to exist in 1949, when they usurped power on the Chinese mainland through a violent Communist revolution.

Specifically, Peking objects to foreigners using the name "Republic of China." They want the government and nation here to be known simply as Taiwan, a province of China. This ruse does not hold water, because, well, here we are, government and all, nation and all.

This time the name game flared up in Argentina. The venue was an international baseball tournament. Apparently, Peking's representative in Buenos Aires objected to the flag of the Republic of China's team, and convinced tournament officials to white out the lettering on it that said "China-Taipei" in Chinese. He objected to a

team from Taiwan using the name "Chung Hua" for China. Which is more than ironic, since the base of several nations' flags is already a result of compromise.

The host says China-Taipei, and not Republic of China at all, is a result of our not mixing sports with politics. It is also the so-called "Olympic formula" for handling Chinese name disputes. Peking's representative was way out of line, as were the tournament officials who tampered with the flag.

The Olympic formula gives the Republic of China the right to use the name "Chinese-Taipei" to refer to its sports teams. The name is used in other non-Olympic sports federations, as well.

The Argentine case may have been nothing more than a matter of ignorance on the part of Argentine tournament officials. It is hard to imagine that Argentine officials will go against the grain of the International Federations Agreement just to please Communist China. Then again, the Chinese name game has had its weird moments in the international political spotlight.

The current dispute, blown into full view in Buenos Aires, has to do with the adjective that appears before "Taipei" in our sports league. Taipei prefers to use the Chinese name "Chung Hua," which is a more classic name or noun for China. The Chinese Communists, however, insist that the name "Chung Kuo" be used. It is more commonly seen as an adjective, meaning Chinese.

But Taipei is not breaking the rule by using the Chinese name "Chung Hua. It too can be used, though less frequently, as an adjective phrase. This issue will come to another head sometime early next year, because Taipei will be deciding whether or not to attend international sporting events on the Chinese mainland. If Peking insists on using names unacceptable to Taipei, then Taipei's participation will be jeopardized.

It is bad enough that Peking asks others to believe that the Republic of China on Taiwan does not exist. It adds insult when they start playing ridiculous name games to hide our obvious existence. The bottom line is that Peking cannot expect to get away with it. Who, after all, is prepared to ignore the world's 12th largest trading nation, and 12th richest people?

Li Teng-hui Addresses Kuomintang Seminar
*OW2712170988 Taipei Domestic Service
in Mandarin 2300 GMT 23 Dec 88*

[Text] Mr Li Teng-hui, chairman of the Kuomintang, stressed that the most pressing task at present is to set up new political, economic, and social frameworks to solve current problems, and that our conviction in the Three Principles of the People, the existing system and way of

life, and the goal to reunify China will, under no circumstances, change. He made these remarks in a speech on 23 December at a seminar on mass communication sponsored by the Kuomintang's Academy of Revolutionary Practice.

He said that the current phenomena of disorder have been caused by problems in the following four areas: common understanding, party politics, understanding about the mainland, and the economy.

Chairman Li pointed out that the pressing task from now on is to establish new political, economic, and social frameworks to solve current problems.

Joint Meeting Held To Mark Constitution Day

Opposition Assemblymen Removed
*OW2512133288 Tokyo KYODO in English 1314 GMT
25 Dec 88*

[Text] Hong Kong, Dec. 25 KYODO—Taiwan's opposition national assemblymen, who have demanded a total popular election for the parliament, were forcibly removed from the hall of a celebration ceremony for the 40th anniversary of the Taiwanese Constitution on Sunday, according to reports from Taipei.

A group of 11 national assemblymen from the opposition Democratic Progress Party (DPP) entered the hall with banners saying "new parliament, new president." But they were stopped by guards and a fierce 20-minute melee followed, the reports said.

About 60 policemen were mobilized to the hall and the DPP members were removed, the reports said.

After the incident, President Li Teng-hui delivered a speech at the ceremony, disclosing his plan to partially revise the state Constitution and increase the ratio of popularly elected national assemblymen in the parliament, the reports said.

He also promised to study a related constitutional article on the current six-year term of the president.

Like another parliamentary arm of the Legislative Yuan, most of the National Assembly seats are held by "life-term" members, originally elected to represent mainland constituencies before the nationalists moved from mainland China to Taiwan in 1949.

The Taiwanese opposition is demanding the termination of the life-term parliamentary seat system and a total popular election for parliamentarians.

More on Opposition Incident

*OW2712140188 Taipei International Service
in English 0200 GMT 26 Dec 88*

[Text] A confrontation erupted between opposition national assemblymen and security guards on Sunday [25 December] when the National Assembly convened its annual meeting in Taipei. The meeting also coincided with a ceremony to mark the 41st anniversary of the nation's Constitution Day, 25 December.

The scuffle burst out when national assemblymen of the Democratic Progressive Party [DPP] tried to submit a petition to President Li Teng-hui, who had come to address the occasion. The DPP petition calls for the step-down by mainland-China-elected deputies who have been frozen in office for 4 decades.

In response, Secretary General of the National Assembly Irwine Ho ordered the security personnel to force the 11 DPP deputies out of the meeting hall. The 11 were later taken to an adjoining room when the president made his speech.

President Li said: As the country has been confronted with critical difficulties in the past decades, the National Assembly instituted and revised several times the Temporary Provisions of the Constitution During the Period of Communist Rebellion. The provisions were actually designed to uphold the dignity and integrity of the Constitution. The threat from Communist China never diminishes, Li says, and the Temporary Provisions remain indispensable to this nation.

Li Teng-hui Remarks

*OW2512183088 Taipei CNA in English 1540 GMT
25 Dec 88*

[Text] Taipei, Dec. 25 (CNA)—President Li Teng-hui reiterated Sunday that even though the times are always shifting, the Republic of China [ROC] should in no way alter its constitutional legacy and system, as well as its supreme goal of mainland recovery.

President Li made his remarks while presiding over a joint meeting at the Taipei City Hall marking the 1988 Constitution Day and the 23rd Plenary Session of the National Assembly's Committee on Constitutional Research.

Attending Sunday's gathering were more than 1,000 people, including the presidents of the five Yuans, senior presidential advisers, and other ranking government officials.

Scuffles broke out shortly before Li's arrival when 11 opposition National Assemblymen spotted the deployment of a small group of security guards to protect President Li, and demanded that they be withdrawn immediately.

Their requests were categorically denied. Furious over the rejection of their request, several of them climbed onto their seats to shout. An exchange of verbal abuses with Kuomintang National Assemblymen immediately resulted and Irwine W. Ho, secretary general of the National Assembly, had to call in tens of policemen to escort the "troublemakers" out of the hall to ensure the smooth opening of the meeting.

In his address to the meeting, President Li recalled that the temporary provisions effective during the period of communist rebellion was enacted when the nation was in grave danger. Because of the implementation of the temporary provisions, the nation's leadership was consolidated, the central parliamentary bodies were injected with new blood, and the educational standards enhanced, Li noted.

"The communist rebellion has not yet ended and the current constitutional system appropriate for this extraordinary period is therefore necessary," Li stressed.

Yet Li added that some parts of the temporary provisions, including the term of the president, might be reexamined in order to contribute to the nation's future democratization, as the wisdom of the National Assemblymen dictates.

As to the future of the Republic of China and the well-being of the general public, "we must give of our love and sincerity and work together under the spirit of the ROC Constitution," Li urged.

This was second time President Li has affirmed the basic national policy since Friday when he, in a message to a meeting of local media representatives, rebuked as "irresponsible" the demand of some critics to cancel the declaration that the ROC was in a period of communist rebellion.

Yu Kuo-hwa Address

*OW2612041588 Taipei CNA in English 0254 GMT
26 Dec 88*

[Text] Taipei, Dec. 26 (CNA)—Premier Yu Kuo-hwa Sunday reiterated that the Constitution of the Republic of China symbolizes the nation's unification and that the ROC will safeguard the Constitution, root out the communist tyranny, and smash the "Taiwan independence" heresy so as to ensure the independence, sovereignty and integrity of the nation's territory.

Premier Yu also stressed the importance of the ROC Constitution as the pillar of democratic rule.

The premier made his remarks in an opening ceremony address to the joint meetings marking the 1988 Constitution Day, the 23rd plenary session of the Committee on Constitutional Research of the National Assembly, and the annual meeting of the National Assembly at the Taipei City Hall Sunday morning.

Premier Yu pointed out that the Constitution of the Republic of China was formed by the collective will and wisdom of the people of the nation, and the government of the Republic of China, the sole legitimate government of China, was organized in accordance with the Constitution.

The ROC Government bears the responsibility of promoting the social welfare of all the people of China and is also obligated to help Chinese compatriots on the mainland enjoy a life as happy as their compatriots in the ROC on Taiwan, Premier Yu said.

Yu stressed that the ROC will try in a peaceful, gradual, yet comprehensive way to stimulate the aspirations of its mainland compatriots for a democratic, free society with an equal distribution of wealth, and work to root out the communist system and the Marxist-Leninist ideology so that China could be reunified on the basis of the Chinese culture.

Deadline Established for Cut in Tariff Rates

*OW2412010088 Taipei CNA in English 0213 GMT
22 Dec 88*

[Text] Taipei, Dec. 22 (CNA)—Following President Li Teng-hui's directive to balance ROC [Republic of China]-U.S. trade, the Finance Ministry has set a four-year timetable to cut nominal tariff rates and real tariff rates to 7 percent and 3.5 percent respectively by 1991, the ministry sources said.

In a meeting chaired Tuesday by Vice Finance Minister Ronald H.C. Ho, the Customs Tariff Rates Commission decided to cut tariff rates for those agricultural and industrial raw materials, farm products, daily necessities, consumer goods and manufactured products with which local producers are competitive.

Lai Ing-jaw, director of the Customs Administration, said that the plan, included in the amended draft import tariff regulations to be screened by the Legislative Yuan in April 1989, will gradually eliminate export rebates, lower or exempt antipollution equipment and machinery import duties, and cut import duties for goods where there is a great discrepancy between the nominal and real tariff rates.

Lai added that because the amended regulations might not be implemented until July next year, the Finance Ministry would work with the Economics Ministry and the Council of Agriculture to decide on a set of flexible tariff cuts in February for several import items.

Saudi, Kuwaiti Oil Reduction Decision Noted

*OW2712001588 Taipei Domestic Service
in Mandarin 2300 GMT 24 Dec 88*

[Text] The Ministry of Economy said Saudi Arabia and Kuwait had already notified the Republic of China, Japan, the United States, and other customers that, starting next January, the quantity of crude oil supply will be reduced by 40 percent.

No Shortage Expected

*OW2712195088 Taipei Domestic Service
in Mandarin 2300 GMT 25 Dec 88*

[Text] The China Petroleum Corporation [CPC] said that, despite Saudi Arabia's decision to cut its oil supply next January, there will be no shortage of oil supply in the country because the CPC has already obtained other sources of oil supply as replacement.

The CPC said Saudi Arabia had notified the CPC that it would cut its oil supply by 40 percent, but added that this cut applied only for the month of January next year. It is too early now to predict whether the cut in oil supply will continue in the future.

Furthermore, Saudi Arabia is the only oil supplier that has decided to cut its oil supply. Other oil-supplier countries will maintain their normal operations.

Hong Kong

'Rectification' of PRC-Funded Companies Viewed
HK2812030188 Hong Kong PAI HSING in Chinese
No 182, 16 Dec 88 pp 18-19

[Article by Lin Fuchuan (2651 1381 2938): "The Central Authorities Issue a 'Top Secret' Document To Strictly Rectify Chinese-Funded Enterprises in Hong Kong"—first paragraph is PAI HSING introduction]

[Text] An informed Chinese source recently revealed that the rectification of Chinese-funded enterprises in Hong Kong will be completed in the first quarter of next year. As a matter of fact the CPC Central Committee has decided to strictly rectify these enterprises and has formed a "rectification group" headed by Tian Jiyun and composed of representatives from the PLA, the Ministry of Public Security, and the Ministry of State Security. A "top secret" document has been issued stating that all Chinese-funded enterprises must be reregistered and thoroughly examined. To prevent offenders from getting away and to avoid affecting Hong Kong people's feelings, the rectification will be carried out in such a manner that it will appear "mild" and "temporary."

The CPC Will Be Very Serious in Rectifying Chinese-Funded Enterprises

During the past few months people in Hong Kong and Macao have heatedly discussed the "rectification of Chinese-funded enterprises; the rising wind presages the coming storm." Many people in Hong Kong and Macao are taking a wait-and-see attitude, thinking that this will only be "little rain with loud thunder." They believe that the CPC will use it to deal with public opinion in Hong Kong and Macao and that no actual results will be achieved.

However, this writer learned that the CPC will be very serious in rectifying Chinese-funded enterprises in Hong Kong. Apart from setting up a "leading group to rectify organizations stationed in Hong Kong," it has also taken quite a number of measures to straighten out and examine Chinese-funded enterprises. This rectification will proceed quietly so as not to upset the Hong Kong and Macao people's minds and to prevent offenders from getting away, because Hong Kong is a sensitive region.

This high-level "leading group to rectify organizations stationed in Hong Kong" is headed by Vice Premier Tian Jiyun and Hong Kong and Macao Affairs Office Director Ji Pengfei. Bai Meiqing, first deputy secretary general of the State Council, is in charge of actual work. The group is composed of responsible persons from the PLA General Staff Department, the Ministry of Foreign Economic Relations and Trade, the Ministry of Public Security, the Ministry of State Security, the Ministry of Supervision, the Ministry of Finance, and the Hong Kong and Macao Work Commission. In addition, the Central Military Commission has also sent representatives to assist the group in rectifying organizations stationed in Hong Kong and

Macao by the Army. Provinces and autonomous regions will send representatives to cooperate with other members of the group in this rectification work.

Judging from the size and the personalities in the group, people will feel that the problems of Chinese-funded enterprises are serious and that rectification work is difficult. The CPC has gone so far as to form a group composed of representatives from "instruments of dictatorship" including the Army, the Ministry of Public Security, and an anti-spy organ (as a matter of fact it is a spy organ in itself.) Obviously, the problems of Chinese-funded enterprises are not simply of an economic nature but indeed involve certain illegal activities with a "powerful backing."

Instructions From Deng Xiaoping

These are the facts. Instructions from Deng Xiaoping, which provided the impetus for forming the group, mentioned such "powerful backing." As reported, Deng Xiaoping issued instructions at the end of last July. The general idea was as follows: Some comrades recently reported to me on the problems of Chinese organizations stationed in Hong Kong. I understand the seriousness of these problems and also their bad influence. There is a need for rectification. Some must be dissolved and others merged. A special organ must be set up to take charge of this work. Problems must be handled after investigation, no matter how powerful the backing. An announcement of the names of legal organizations must be made after rectification. Deng Xiaoping's instructions also mentioned the "Kanghua" company.

Sending Army representatives indicates that the military is also using Hong Kong for large-scale "speculation." It was said that some sons of high-ranking cadres bought two second-hand planes from abroad and resold them to the state at a profit of 20 million yuan.

According to Deng Xiaoping's instructions, the State Council held a meeting in early August at which Bai Meiqing relayed Deng's instructions and announced the establishment of the "leading group to rectify organizations stationed in Hong Kong." Ji Pengfei also spoke at the meeting, pointing out that some Chinese-funded enterprises in Hong Kong had produced bad influence which ruined Hong Kong people's confidence on the one hand and damaged the CPC's image on the other. He added: Chinese-funded enterprises in Hong Kong should use Hong Kong's strong points to develop the mainland economy and explore the international market instead of cutting the ground from under each others' feet. They should improve their political understanding of this problem. If Hong Kong does not remain stable and prosperous but instead becomes an awful mess, how can we use it? We must therefore be far-sighted. We should not be eager for quick success or immediate benefit, nor should we resort to ill means. If no progress is made in the Hong Kong economy, this will be harmful to Hong

Kong itself and to the state, and also to the recovery of Taiwan. He also raised the problem of settling "political accounts" in Chinese-funded enterprises.

Reports said that the meeting decided to spend a year rectifying Chinese-funded enterprises. All Chinese-funded enterprises will be reregistered according to the formula issued by the group, and their organization, finances, and operations will be examined. In the meantime, applications for setting up companies in Hong Kong and Macao will be suspended. The meeting pointed out that rectification work should not be carried out perfunctorily and that problems must be handled as soon as they are discovered. On the other hand, efforts should be made to avoid disturbing Hong Kong society and to prevent confusion in the people's minds. Offenders should not be allowed to "get away," and if necessary they will be repatriated to the mainland for further investigation. This being the case, the document from the meeting was only relayed to quite a limited number of people. It is believed that only cadres at departmental level under the ministries have read the document or listened to its transmission, because it has been classified "top secret."

The Problems of Chinese-Funded Enterprises Are Complicated

An informed source close to CPC top officials revealed that the number of Chinese organizations stationed in Hong Kong as reported by the Hong Kong and Macao Work Commission to the central authorities was around 2,900. Many have not registered with the commission nor do people know the type of business they are dealing in. In addition to this, there are about 260 "fly-by-night" companies. With the exception of a small number which are law-abiding, many do not have a proper operational style and their working personnel have fallen into the habit of taking bribes and acting at will in defiance of law and public opinion. All this has ruined the image of the CPC and damaged the Hong Kong people's confidence. Some Chinese-funded enterprises have taken away the livelihood of local enterprises' and this has caused investors to lose confidence in investment.

Chinese-funded enterprises are characterized by first, "being large in numbers"; second, "confusion"; and third, "corruption and degeneration." "Being large in numbers" has led to "confusion." For example, the construction business in Macao amounts to scarcely 1 billion yuan a year, but dozens of Chinese-funded enterprises have flooded into this small place, some from central and provincial departments, others from city and county departments. In the beginning, they introduced a "contract system" to carry out competition with local enterprises. Subsequently, they entered into "internal rivalry" with each other. This has produced a bad influence.

Corruption and degeneration are very serious in some Chinese-funded enterprises. Many responsible persons from these enterprises have fully imitated the style of "Red capitalists": They live in luxurious mid-level houses, travel

by Rolls Royce, eat bird's nest and shark's fin soup, and wear diamond rings and famous wrist watches; the Volvo Night Club and Hotel Lisboa are their frequent haunts. Quite a number of working personnel from Guangdong enterprises stationed in Hong Kong and Macao travel to Guangdong by special bus on Saturday afternoon and return to work the following Monday morning. Employees on the mainland look at them in admiration. In their pursuit of comfort, some people have "fallen into the water" or been hit by "sugar-coated bullets." The financial manager of a large Chinese-funded company run by a "mainland uncle" fell into a "sex-trap" set by a Taiwan spy organization. After investigation, he was detained and repatriated for questioning.

Corruption Is the Result of CPC Policies

As a matter of fact, corruption in some Chinese-funded enterprises has indirectly resulted from some CPC policies. For example, one CPC regulation provides that personnel working abroad are allowed to carry "eight big things" back to the mainland duty free. But how much money does a Chinese employee working abroad need to buy these "eight big things"? Suppose these things are of a medium grade; he will need at least HK\$25,000. How can he have that much money while working under the "supply system"? He does not necessarily have a "window that faces south." Even if he has, a "southerly wind" will not necessarily come in through this window. The only way is to accept bribes or to speculate in goods exempted from customs duty.

The wage system for Chinese personnel working abroad is irrational. These personnel earn very little under the "supply system." People say that Xu Jiatun's monthly salary is only 2,000 or 3,000 dollars, less than the wages of a XINHUA doorkeeper, to say nothing of low-level staff. Of course, under the "supply system" expenditures on many consumer goods are borne by the state and personnel in different posts have different grades of goods to consume. This has given rise to the habit of "eating from the same big pot" among personnel stationed abroad as they try every possible means to enjoy the advantages of the "supply system" while saving every single cent to buy the "eight big things." Reports say that the central authorities have taken this situation into account. In coordination with "rectification work," the meeting also decided to reform the wage system for Chinese personnel stationed abroad, with the aim of calculating whatever is convertible into cash as part of their actual wages.

The Cause of "Parallel Goods" Flooding the Market

The idea of rectifying Chinese-funded enterprises in Hong Kong was proposed to the central government by the Ministry of Foreign Economic Relations and Trade to tackle the "parallel goods" that were flooding its traditional market, in the hope of resuming its "monopoly" after "rectification." But a survey revealed that the cause of "parallel goods" flooding the market

was the ministry itself. Most "parallel goods" were imported under "import licenses" issued by the Ministry of Foreign Economic Relations and Trade but were not sold through companies under this ministry. This fully indicates that the inappropriate issuing of "import licenses" facilitated the speculation in "parallel goods" by sons of high-ranking cadres.

If Chinese-funded enterprises in Hong Kong had really "used Hong Kong's strong points to develop the mainland economy" and "explored the international market" as Ji Pengfei said, they would not have had so many problems but would instead have been useful to Hong Kong's economic development. However, the business of many Chinese-funded enterprises in Hong Kong have nothing to do with "developing the mainland economy" or "exploring the international market." For example, they speculate in shares, gold, land, and foreign exchange. If they make money this also "benefits" their employees; if they lose, the loss will go to the state. As a result of Chinese-funded enterprises' speculation in land and the increase in construction costs, the cost of accommodation in Hong Kong and Macao keeps rising. On the surface, a situation is arising "in favor of popular feelings," but in reality the majority of working class people have suffered much from their speculation. What are also concealed behind this are factors harmful to social stability.

Their Sedan Is Superior to That of the Macao Governor's

Mainland administrative departments are also running companies in Hong Kong and Macao. Even the XINHUA NEWS AGENCY is running all types of peripheral companies. People say that the Hong Kong branch of XINHUA is running dozens of companies and its Macao branch about 10 companies. The purpose of these XINHUA branches in carrying out trade and construction business is to make money to pay their administrative expenses to lighten the burden on the central government. The purpose is, of course, also for their "small savings," which are used to cover nonbudgetary spending that is not entitled to reimbursement from the state, like buying cars. The "Mercedes Benz-560" used by the Macao branch of XINHUA is much superior to the "Mercedes Benz-280" used by the Macao governor. Some high-level cadres who formerly worked for the Hong Kong and Macao XINHUA branches returned to Hong Kong and Macao after going to the mainland to retire. They are now running trading companies in Hong Kong and Macao, violating the central regulations forbidding retired cadres from engaging in trade.

Evidently the key to resolving the problems of Chinese-funded enterprises is to "legislate a law" and to "enforce it" subsequent to its legislation. So far there is no law or regulation governing Chinese-funded enterprises in Hong Kong and Macao. This has given rise to a situation whereby no one exercises strict management over

approval procedures, operational methods, type of business, and personnel and financial systems in Chinese-funded enterprises. There is a need for the NPC Standing Committee to formulate a law to exercise strict management over all this but the most essential thing is that the CPC must institute a thorough structural reform to coordinate with exercising strict management over Chinese-funded enterprises.

Hong Kong Said Fujian's Major Trade Partner

*HK2312113588 Beijing CEI Database in English
23 Dec 88*

[Text] Fuzhou (CEI)—Hong Kong has become the biggest trade partner of Fujian Province in southeast China, according to Fujian trade authorities.

In the first ten months of this year, export of Fujian Province totalled one billion U.S. dollars, of which 45 percent went to Hong Kong.

There are more than 1,600 overseas invested enterprises in the province of which 75 percent are Hong Kong's.

Hong Kong-invested projects in Fujian reached 238 and the investment totalled 240 million dollars in the first half of 1988, accounting for 70 percent of the total volume the province attracted in this period. Of all the overseas investment in Fujian Province, Hong Kong makes up half, amounting to 34 million dollars.

According to statistics, 30 percent of the province's yearly export went to Hong Kong since 1979.

Last year, Fujian's export to Hong Kong was 370 million dollars, accounting for 40 percent of the total export of the province, and import from Hong Kong was 237 million dollars, over half of the province's total import.

There are over 60 economic entities and offices from Fujian operating in Hong Kong at present. Half of the province's foreign contracted projects and cooperation in labor service are conducted with Hong Kong.

Electronics Manufacturer To Move to China

HK2612025688 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Dec 88 p 1

[By Monica Ko]

[Text] The Nam Tai Group, one of the world's largest manufacturers of electronic calculators, is planning to switch most of its manufacturing operations from Hong Kong to China to take advantage of cheaper land and labour in the mainland.

Chief executive officer Koo Ming-kun said the manufacture of electronics products such as calculators and typewriters had been moved to Shenzhen and the transfer would also include the company's printed circuit boards division.

Nam Tai has also set up a plant in China for the manufacture of metal and silk-screening PVC products. The new plant now accounts for 50 per cent of the company's total production in this particular field.

In Hong Kong, the company employs about 400 workers but the number is expected to be reduced in view of the relocation.

However, Mr Koo said Hong Kong would remain the base that would oversee the marketing, administration and financial control aspects of the business.

The company, formerly known as Nam Tai Electronics Co, was incorporated in 1978, and since its establishment has become a leading manufacturer with about 20 subsidiaries in Hong Kong, China, Japan, Canada, the United States and other countries.

It is one of the largest manufacturers of calculators in the world with a monthly output of more than two million units.

Mr Koo said the expansion was supported by funds amounting to U.S.\$6 million raised from the earlier over-the-counter listing of Nam Tai Electronics on the Denver stock exchange.

Nam Tai Electronics offered 150 million shares to the public in April, representing about 40 per cent of the issued capital, at four U.S. cents apiece. CEF Capital acted as adviser for the overseas listing.

In addition to funding the expansion, the net proceeds were also used to develop more product lines and explore the possibility of setting up more ventures in China.

Mr Koo said the listing in Denver helped upgrade and strengthen the company's position in the United States which was the group's major market.

He also said it was easier to go public in an overseas market as listing rules in Hong Kong were much more complicated.

Although the company would not rule out the possibility of floating locally, Mr Koo said that it was not in hurry to do so.

Nam Tai is involved in the manufacture of a diversified range of electronics products, importing motorcycles, cameras, electrical appliances and medical products, in addition to being active in the property market.

Its product lines include electronic consumer goods such as calculators, hand-held personal computers and typewriters; medical equipment such as blood pressure meters, thermometers and scales; silk-screening PVC products; metal products; plastic products; and printed circuit boards.

The company sell to original equipment manufacturers in Japan and other countries.

Government Report 'Plays Down' Problems
HK2812020788 Hong Kong SOUTH CHINA
MORNING POST in English 28 Dec 88 pp 1, 2

[By Our Political Desk]

[Text] A Government report reviewing developments in Hong Kong over the past year is on its way to Whitehall and it attempts to play down or gloss over several problems that have proved embarrassing for the authorities.

These include the brain drain, the treatment of Vietnamese boat people and the Government's human rights record, sources said.

The document, which is supposed to keep MPs informed of events in the territory annually, has been compiled by Hong Kong civil servants and co-ordinated by Deputy Chief Secretary John Chan Cho-chak under instructions from the British Foreign and Commonwealth Office.

Mr Chan's report will form the basis of a British Government report to be tabled before Parliament early in the New Year.

Unlike last year, there will be no parliamentary debate on Hong Kong, an indication that British MPs share the Hong Kong and British governments' view that the political question has been settled now that direct elections have been delayed until 1991 to the Legislative Council.

Mr Chan was responsible for the Hong Kong report to the United Nations which attracted criticism from the United Nations Human Rights Committee in Geneva last month for glossing over Hong Kong's human rights track record.

Called the White Paper on the Annual Report on Hong Kong, it will be a civil service view of a year of Government achievements and portrays official attempts to clean up Hong Kong's financial image with the implementation of many of Ian Hay Davison's review committee recommendations, providing better housing and a massive campaign to combat severe pollution.

It will also list several ambitious projects which are in the pipeline such as an impending decision next year on the replacement airport for Kai Tak and multi-billion dollar harbour and port development projects which are seen as a sign of long-term confidence in the territory, sources said.

On Vietnamese refugees, the report will go to great lengths to explain the Government's reasons for introducing a new screening policy where those not found to be genuine refugees are held in detention centres pending repatriation to Vietnam.

It will also list the setting up of unprecedented talks with Hanoi this year to seek a long-term solution to the refugee problem.

However, on civil liberties for Hong Kong's boat people population, the report is expected to omit any reference to beatings at the Hei Ling Chau detention centre last summer or the subsequent inquiry by two Justices of the Peace which found that about 100 boat people were beaten while under government care.

The report is also expected to gloss over some of the Government's other less savoury achievements on the human rights front.

It will list the decision to repeal Section 27 of the public order law which makes it a criminal offence to publish false news likely to cause public alarm in an attempt to show that the Hong Kong news media is free from official interference.

However, it is likely to refrain from providing reasons for repealing the so-called "press gag" law—that fears about China using the law after 1997 were behind local opposition to what was seen as an infringement on free speech.

The report is also expected to praise the Government for including references to two international human rights covenants in the new Film Censorship Ordinance which gives the authorities the right to censor films for political reasons.

It is also expected to refrain from explaining why filmmakers feel the need for international civil rights protection when making political statements that might be critical of China.

Another problem expected to be played down is emigration.

The report will include Government estimates that 45,000 are expected to emigrate this year, many of them due to uncertainty over 1997.

However, the report will seek to temper the problem by reiterating the Governor's oft-repeated belief that Hong Kong people have a history of moving about.

On the new nine-year Defence Costs Agreement, it will commend Britain for increasing its share by 10 per cent to 35 per cent of the total bill, but will not mention opposition by legislators who believe that Britain should still pay more.

Since the Sino-British Joint Declaration was signed in 1985, parliamentarians have asked to be kept informed of local developments in the run-up to 1997.

The White Paper on Hong Kong will be the fourth such report sent to MPs.

Last January, MPs held a stormy debate on Hong Kong where opposition members made a last-ditch attempt to force the British Government to allow direct elections to the Legislative Council this year.

The report will be the first chance British MPs will have to assess events in Hong Kong since the Government announced last February that it would not introduce direct elections to the Legislative Council until 1991.

Councillor on Plans for Party of Stability
HK2612022688 Hong Kong SOUTH CHINA
MORNING POST in English 26 Dec 88 p 2

[By political editor Ann Quon]

[Text] Leading conservative legislator Stephen Cheong Kam-chuen is set to release within weeks a manifesto for his proposed political party which will be built around the concept of stability.

The manifesto, calling for a slow and steady approach to political development, is expected to prove popular with Hong Kong's largely conservative business community—the target of his ambitious plans to set up a broadly-based political party.

"Hong Kong people don't want drastic change, they want gradual change and that is what we will offer them," Mr Cheong said.

Mr Cheong and his assistants are busy putting the finishing touches to the manifesto, which he hopes will attract the territory's well-heeled businessmen who are jittery about the liberal lobby's call for drastic change in the run-up to 1997.

He has already sounded out several like minded legislators who prefer a moderate approach to democratic reform.

Mr Cheong believes any platform which stresses to businessmen that their interests need looking after over the next nine years will encourage them to get involved in politics.

"I don't want anything to happen that will upset Hong Kong's stability," Mr Cheong said.

The party manifesto is largely based on a 1985 document which he helped draft along with other Legislative Councillors, including close friend, Mr Allen Lee Peng-fei, who wanted to set up a political party three years ago.

However, resistance from China forced them to shelve their plan.

Ironically, one of the fellow drafters was Mr Martin Lee Chu-ming, whose demands for full democracy and universal franchise are considered in some quarters to be too radical. He has since broken away from the original group.

The introduction of direct elections to the legislature in 1991, however, has renewed interest in setting up a political party system.

Mr Cheong's party plan is seen as a late entry in the race to compete with other political groups such as the Hong Kong Progressive Society founded by fellow legislator Miss Maria Tam Wai-chu.

Local sensitivity forces many leading political figures, including Mr Cheong, to stop short of using the term political party.

Mr Cheong is anxious to build a strong enough power base to counter any threat from an active liberal lobby.

Along with Mr Allen Lee, he set up an economic research centre two years ago which will be expanded over the next few months to conduct political research.

The centre has hired Mr Henry Ching, a former senior civil servant, to head up the think tank.

Mr Ching, who will arrive shortly from Australia, will be in charge of conducting a major study on various political systems.

"We want to get it right, so we will study other political systems to see which will work best for Hong Kong," Mr Cheong said.

The recruitment of Mr Ching is seen as a vital move by the councillors to become more actively involved in shaping the territory's future political system.

Besides legislators, Mr Cheong has sounded out several prominent businessmen to help fund his political organisation.

Mr Cheong also belongs to the conservative Group of 88, a high-powered group of businessmen and professionals who are members of the Basic Law Consultative Committee.

Should Mr Cheong succeed in setting up a political party, he believes there is room for others.

However, he did not believe that it would encourage the Chinese Communist Party to operate actively.

He feels there has been so much emphasis on the selection of the legislature and the chief executive that the territory runs the risk of losing sight of the relationship between the various tiers of Government.

Domestic Exports Increase 17.4 Percent

HK2612025488 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 26 Dec 88 pp 1, 8

[By Amelia Cabatit]

[Text] Hong Kong domestic exports rose 17.4 per cent in value last month, compared with November last year.

The other component of overall external trade, re-exports, also posed a rising year-on-year growth rate.

But trade balance for the first 11 months of the year still show a deficit, compared with a surplus in the year-ago period.

Provisional results, released by the Census and Statistics Department placed the month's domestic exports at \$20 billion, almost \$3 billion more than November last year.

Commenting on the results, a government spokesman said the year-on-year growth of domestic exports for last month, at more than 17 per cent, was much higher than the same growth rates for October, which recorded a 10.3 per cent rise, or the third quarter, which grew by 9.8 per cent.

"But it is difficult to tell if (November's) growth rate is sustainable. It could be just a temporary upsurge caused by manufacturers rushing shipments towards the end of the year," the spokesman said.

Meanwhile, re-exports posted an impressive rise of 57.7 per cent to \$27.7 billion.

This brought the total value of exports for the month to \$47.8 billion, an increase of 37.9 per cent, compared with November last year.

Imports also posed a strong rise of 40.7 per cent, to \$48.2 billion.

The visible trade balance for last month recorded a deficit of \$468 million, equivalent to one per cent of imports.

In November last year, Hong Kong had a surplus of \$374 million, or 1.1 per cent of the value imports.

Last month's trade results brought the visible trade deficit over the first 11 months of this year to \$4.8 billion, 1.1 per cent of total imports, compared with last year's surplus of less than \$1 billion, or 0.3 per cent of total imports.

Value of total exports for the first 11 months grew by 30.5 percent, domestic exports by 11.4 per cent and reexports by 51 per cent over the same period last year.

On the same basis, the value of total exports for this year was \$443.8 billion, domestic exports \$196.5 billion and re-exports \$247.3 billion.

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